THE

Madras Journal of Co-operation

VOL. XXVII.] MAY 1936. [No. 11

The Editorial Committee do not hold themselves responsible for views expressed by contributors. Contributors are requested to write legibly and on one side of the paper. Manuscripts will not be returned unless stamps are sent to cover postage. Matter intended for the issue of any particular month should reach the Committee before the 15th of the previous month.

Editorial Notes.

Audit Fees.

Mr. J. A. Saldana's letter on audit fees published elsewhere in this number deserves special attention at the hands of the authorities and of non-official co-operators. He has convincingly shown that the scale of fees charged by Government for the audit of primary societies is unconscionably high, in itself and in comparison with what is charged for the audit of central banks. What can be more absurd than that the Mangalore Catholic Co-operative Society should be charged an audit fee of Rs. 1,030 for the year 1933-34, while the Provincial Co-operative Bank itself pays no more than Rs. 1,000 for the audit of its accounts? Mr. Saldana has also pointed out that the fee charged by Government for some 180 days' work involved in the audit of the South Kanara Central Co-operative Bank is Rs. 593, while that charged for the Catholic Society for about 90 days' work is Rs. 966 for the year 1934-35. A similar complaint was made recently by the Government Telegraph Employees' Society as will be seen from the proceedings of its annual meeting published on another page. The reduction of 12½ per cent made by Government recently with so much show and the ridiculous power given to the Registrar to give a further reduction of 2½ per cent in very deserving cases, is not the right kind of remedy. The right remedy is to make

the scale reasonable—compared to the charges of professional auditors who are all better qualified than the departmental auditors, compared to the ability of the societies to pay and compared to the actual work involved. The least that we should expect of Government is that it does not make a profit out of this business. It is no argument to say that the profit made over the audit of paying societies goes to meet to some extent the charges of free audit of other societies. The free audit is done at the tax payer's expense for sufficient reason. In the alternative, the societies may be allowed to form their own audit unions or be given the option of employing approved private auditors. In any case, a vigorous agitation should be conducted by the urban societies until this injustice is removed.

Consolidation of Holdings.

It is but natural that the prevention of the fragmentation of agricultural holdings and their consolidation should be receiving increased attention at the hands of the Government and of the non-official public in the different provinces and States. The efforts of the Co-operative Department in the Punjab in effecting consolidation and the striking success which has attended them is generally well known to co-operators. In the Central Provinces and Baroda, legislation favouring consolidation on a voluntary basis has been passed, though much has not been heard of its success in operation. In Mysore, a committee of officials was appointed sometime ago whose report is now published by Government for eliciting public opinion. In Bombay, at the last general body meeting of the Provincial Co-operative Institute, a resolution was passed recommending the formation of co-operative societies for the voluntary consolidation of holdings, after Mr. Púnjabi, the Registrar of Co-operative Societies, had described to the meeting the success of such societies in the Punjab. Diwan Bahadur S. T. Kambli, Minister in charge of Co-operation, who was present at the meeting, said that the Registrar's proposal would be considered by the Government, now that it had been supported by the Institute. The subject has also been referred for the consideration of a sub-committee of the newly constituted Provincial Economic Council in this province.

The Mysore committee have expressed the opinion that fragmentation of holdings cannot be prevented without amending the law relating to inheritance and that public opinion is not yet ready for it. With this opinion the Mysore Government agree. The committee

also hold that fragmentation has not proceeded in the State to any alarming extent. None the less, they are of opinion that some action should be taken to prevent further fragmentation and to promote consolidation. They recommend that propaganda may be undertaken by the Co-operative Department with a view to familiarise the rural population with the idea of consolidation and its advantages; that legislation may be passed on the lines of the Central Provinces Consolidation of Holdings Act; that exemption may be given from the levy of Stamp duties and other fees; that the jurisdiction of Civil Courts may be excluded; and that in the initial stages the entire cost of establishment may be borne by Government. These recommendations are very reasonable and ought to commend themselves to the public of Mysore.

In our province, it is true that no systematic enquiry into the fragmentation of holdings and its effect on agriculture has yet been held. But inspired by the example of the Punjab, some official and non-official co-operators have devoted some attention to the subject. They have formed the impression that the evil is not as great here as in the Punjab, that there is here much greater variation in the soil than in North India and that the mentality of the ryot also requires to be considerably changed before any consolidation could be attempted. In other words, their impression is more or less similar to the opinion of the Mysore committee. That, however, should not dispose of the matter so far as either co-operators or others are concerned. The *Madras Agricultural Journal* in a recent number has pleaded editorially for the appointment of a special officer with revenue and co-operative experience for the study of this question, seeing how useful Mr. Sathianathan's report on agricultural indebtedness has been. We fully endorse this view, and in doing so believe that suitable officers can be found both in the Revenue and Co-operative Departments.

A High Court Decision.

A case of some importance to co-operators, especially to liquidators, was recently decided by the Madras High Court. It was a case of second appeal against the decision of the South Kanara District Court and the Court of the District Munsiff of Puttur. The facts of the case are that the liquidator of the Uppinangady Rural Credit Society levied contributions from its members and past members towards its assets. The appellants contended that they had ceased

to be members of the society five years previous to its liquidation and so they were not liable to contribution. The liquidator heard the plea but held that it was not proved and levied contributions from them. They paid the contributions but filed suits for their recovery. The lower courts held that the suits were not maintainable by virtue of Section 42 (6) of the Co-operative Societies Act, which runs as follows:—

> "Save in so far as hereinbefore expressly provided, no Civil Court shall have any jurisdiction in respect of any matter connected with the dissolution of a registered society under this Act."

A bench of the High Court, consisting of Justices King and Menon, held that the right of the appellants to be heard by a Civil Court about their liability to contribution was not denied by the wording of the section. "We are unable to find in the Act any clear indication that the liquidator can determine, in such a way that this determination is not subject to be set aside by the Civil Courts, who are liable either as members or as past members of the society to contribute to the assets of the society. We are of opinion therefore that the decision of the lower courts is wrong and we allow the appeals and remand the suits for decision on their merits." We reserve our comment on this decision to the next issue. This will lead to serious difficulties in the enforcement of contributory orders and if the decision cannot be got rid of otherwise, the Act may have to be amended to oust the jurisdiction of Civil Courts in such matters.

Congress and the Co-operative Movement.

Dr. B. Pattabhi Sitharamayya, historian of the Congress, has strongly pleaded in the *Indian Co-operative Review* for the abandonment of mutual suspicion by the Co-operative Department and the Congress, and their joining hands for the success of the constructive programme of the Congress, which means the promotion of communal unity, village industries and the welfare of the depressed classes—items which appeal to every well-wisher of the country. If the Congress and the Co-operative Movement should join hands, he says, "There will then come into existence a new momentum in the land for which the Congress will contribute the dynamic force and the Co-operative Movement will contribute the necessary mass. And this co-operative mass *into* (×) Congress velocity will yield the required momentum which will propel the Movement of Rural Reconstruction, Moral Regeneration and Economic Uplift, beyond

all expectation." This undoubtedly is a possibility. We are not without a classic instance of men of very divergent political and religious creeds coming together under the co-operative movement and working for a common object. The genius of Sir Horace Plunkett brought together Ulsterites and Home Rulers, Protestants and Catholics, in the Irish Agricultural Organisation Society and gave them a common programme of starting co-operative societies with the triple object of "better farming, better business and better life." What proved possible in Ireland ought to prove possible here also, if, as Dr. Pattabhi Sitharamayya has pleaded, mutual suspicion can be replaced by mutual confidence.

It is however necessary to utter a word or two of caution. What is a bad business in itself does not become a good one by being carried on by a co-operative society or by the application of co-operative principles. A piece of useless land, handed over to a society of Harijans for co-operative cultivation by them, does not thereby become fertile and capable of supporting them. Articles for which there is no demand do not get sold by merely being put on sale in a co-operative shop. This fact better explains the failure of Khaddar co-operative societies in the Andhra districts than the supposed unsympathetic attitude of the Co-operative Department. Then there is the need for keeping out politics from the affairs of a society. We have had instances of competent and desirable men being put out of committees and incompetent men being put on them from political considerations. Many Urban Banks came to grief in Burma on account of loans being sanctioned from political and not business considerations. While we are anxious to have for the co-operative movement the dynamic force which undoubtedly the Congress can supply, we should perhaps ask, in modern political parlance, for some safeguards against the introduction of politics into the movement or its being utilised for political party advantages.

Mischievous Propaganda.

At the last meeting of the Bihar and Orissa Co-operative Congress which met at Jemshedpur some time ago, the following resolution was adopted:

> "Resolved unanimously that this Congress greatly deplores the wrong impression sought to be conveyed by the Kisan Sabha to the effect that the Co-operative Movement has caused immense harm to the ignorant cultivators and has led to their

> harrassment at the hands of bank officials; and expresses its firm conviction that it is almost entirely through co-operative societies that the amelioration of the conditions of the tenantry can be secured.

We find a reference to similar "mischievous communistic or communal propaganda, 'no-payment' campaign or plea for moratorium" in Bengal in the presidential address of Khan Bahadur Maulvi A. M. Arshad Ali, Registrar of Co-operative Societies, Bengal, at the Chittagong Divisional Co-operative Conference which took place in February last; though he expressed satisfaction at the propaganda having made no impression on the members of societies, who in the face of unprecedented difficulties were paying their dues to societies to the best of their ability without any idea of repudiating them—a fact which showed to him clearly that the co operative movement could be rehabilitated. It is rather surprising that communists in Bengal and Bihar—such of them as exist—should have directed their propaganda against co-operative societies, for Soviet Russia has given special encouragement to co-operatives, though it has made terrible inroads on the voluntary principle of co-operation.

It must however be admitted that the soil is more favourable for such propaganda where the permanently settled Zamindari system prevails as in Bengal and Bihar, than elsewhere. The only remedy lies in the Zamindars taking an active interest in the welfare of their tenants and helping them in every way, and this they will be able to do best by means of co-operative societies. As one of them himself, Rai Bahadur Shyam Nandan Sahai, who presided over the Bihar and Orissa Co-operative Congress referred to above, said :—

> "They have to reform themselves or the day is not long distant when the cry for their elimination will catch a momentum which no force will be able to resist. Their reformation lies in only one direction and that is they must materially assist in the uplift of their tenantry which they can do no better than by joining the fold of co-operation and helping the movement with money and active work."

These remarks apply with equal force to the Zamindars of our province also.

Listed Appointment.

The Hon. Mr. P. T. Rajan recently unvieled a portrait of Diwan Bahadur K. Deivasikamani Mudaliar in the office of the Registrar of

Co-operative Societies, Madras. The portrait was the gift of the gazetted officers of the Department to the Head Office. On behalf of the gazetted officers, Mr. G. C. Rayan, Deputy Registrar, described how in various capacities Mr. Mudaliar had served the cause of co-operation and won distinction for himself. Mr. Rajan gratefully acknowledged the help he had received as Minister from Mr. Mudaliar, and said that but for a technical difficulty, in that the post of the Registrar of Co-operative Societies was a listed appointment reserved for the I. C. S., he would have retired as Registrar. It is one of the beauties of the Indian Constitution that even the Government cannot appoint the most suitable person to a post, because it is reserved for men of a particular service. The vested interests of that service are of greater importance to the British Parliament than the interests of the public! We guess there will be no improvement in this absurd position even under the Reforms to come, under which we are supposed to enjoy complete provincial autonomy. Nevertheless, we would suggest it to Mr. Rajan to have the legal position fully explored and to try by every means open to the political party in office to have the anamoly removed.

Rural Reconstruction.

The fact that rural reconstruction is now being talked about from diverse platforms all over the country cannot but be gratifying to co-operators. It cannot be dismissed as mere blind fashion. It is not surprising that provincial and State Governments, institutions like the Y.M.C.A. and the Servants of the India Society, and even political organisations like the Congress should devote serious attention to it. One may also be prepared to see it dealt with in Convocation addresses and in gatherings of medical men, economists etc. But it is something of a surprise—of course a very agreeable surprise —to find at about the same time Mr. C. R. Reddi speaking on this subject at Bangalore to the members of the Cox Town Athletic Association and the Maharani of Travancore speaking to the members of the Women's League at Delhi. It is a cause in which everyone can help. As Mr. Reddi rightly pointed out to the members of Cox Town Atheletic Association, people like them could organise village games, open night schools and reading rooms, improve village sanitation by example and precept, encourage small scale industries and above all, help in the campaign against untouchability. In some if not all of these directions, influential ladies like those who were addressed by the Maharani of Travancore at Delhi

could also participate. The chief aim of all rural uplift programmes in our country is to bring about a change in the mentality of our rural population, to disturb its pathetic contentment, to evoke a desire for a better standard of living and to create the will to attain it. For this purpose a close contact between the villagers and the educated classes at various points is necessary, and contact through games is perhaps even more valuable than through other means. We commend the idea to all educated young men.

Registrar a President.

Perhaps the only instance of a Registrar of Co-operative Societies being the president of a co-operative society is afforded by the United Provinces where Mr. Vishnu Sahay, I.C.S., is the president of the U. P. Co-operative Officials' Co-operative Society, Ltd., Lucknow. The membership of this society is open not only to Government servants but also to the employees of the U. P. Co-operative Union and other co-operative institutions. It is the successor in a reorganised form of the U. P. Co-operative Union Employees' Fidelity Guarantee Society and has inherited its business and funds. As it was organised in February 1935, the report which we have before us is only for a period of four months during which the society worked in the directions of credit, fidelity, housing and mutual benefit. The period is too short for one to judge of the work of the society, but one is pleased to see the optimism and enthusiasm of the committee as revealed by the report. The question however comes to one's mind, "Is it desirable that a Registrar should be an office-bearer in any society?"

The Madras Handloom Weavers' Provincial Co-operative Society, Ltd.

By Diwan Bahadur T. A. Ramalingam Chettiar, B.A.B.L., M.L.C.

Next to agriculture handloom weaving is the most important industry in India, and Madras takes the first place among the provinces in the production of handloom goods. On account of the competition of imported piece-goods and the increase in the production from the mills in this country itself, the weaver is finding it more and more difficult to make a living. It is computed that in this Province there are about 3,000,000 people depending on hand weaving and allied industries. It is therefore necessary that those interested in the welfare of the country should devote some attention to the study of the conditions of the industry and those that depend on it and try to improve them.

Even though the consumption of yarn by the handloom industry has not gone down, still many of the paying lines of work have been already closed down because of their precarious existence. Even in cheap cloths the competition of Japanese cloth is affecting the market for the handloom products.

The economic position of the industry is also in a very unsatisfactory condition. The weavers are very poor and they depend entirely on the wages they get. Middlemen, master-weavers or merchants, advance yarn and take back the woven cloth at a valuation which leaves but a bare maintenance to the weaver. Even for this, work is not always available, as the master-weaver or the merchant gives orders for cloth only when it is in demand in the market. So the weaver does not always find work without the help of the merchant. The weaver has no marketing facilities. When he happens to have some yarn and weaves cloth, he has to sell it at the end of the day for whatever it may fetch. The weaver naturally thinks of stealing some of the yarn given to him and the cloth is not always upto the standard. In some cases the measurements are not also upto the specification. So there is further deterioration in his work, leading to want of confidence. The weavers are also given in several cases to drinking and the weaving families are always living in a state of poverty. While this was the condition even before, the import of the cheap Japanese cloth and the increased production of the mills with their cheap prices, have affected the position of the handloom weavers and made it worse. Some of the special lines of

work like border cloth have been copied by the mills and the mill cloth is becoming more and more popular. The Japanese unbleached cloth has been imported and dyed locally. This is being sold in place of sarees. Weavers in Salem, Madura and Tanjore districts have been thrown out of employment by the competition of these Japanese locally dyed sarees. The problem is becoming acute.

During the Indo-Japanese negotiations for trade treaty in 1933, the position of the handloom weaver was represented to the Government and it was pressed that all weaving upto 20 counts should be prohibited in the mills, so that at least upto 20 counts the handloom weaver may have a monopoly. It was also represented that special protection should be given to the handloom weaver with reference to particular lines which are likely to compete with him. It was also said that any duty on imported yarn used by the handloom weaver was likely to handicap him in his competition with the mills. The Government, after considering these representations, decided instead of giving the help asked for to give grant-in-aid for the organization of weavers and help them to market their goods. Anybody who has studied the question will realize that this is not enough and that unless some of the lines of weaving are reserved for the handloom weaver his position cannot be saved.

In 1934 the Government of India promised a subsidy of 4½ lakhs per year for the development of the handloom industry for five years and decided to grant most of it for work through the Local Governments. Each Government was asked to send a scheme of assistance to handloom industry to the Government of India for approval to spend the amount allotted to the province. Even though the consumption of yarn by handloom industry is the highest in Madras, Madras gets only Rs. 59,500 a year as against Bengal receiving Rs. 80,000 and United Provinces receiving Rs. 72,000.

The Director of Industries, Madras, proposed that a Provincial Co operative Society be formed consisting of all those who sympathise with the lot of the handloom weavers, firms engaged in the production, distribution or sale of raw materials required by the handloom weavers, and co-operative societies intended mainly for the benefit of the weavers, with an authorized share capital of Rs. 5,00,000. He realized that the subsidy of Rs. 59,500 would not go a long way to finance societies and so he proposed that the amount may be utilized for the expenses of administration during the years the subsidy is given. He proposed that the whole of the subsidy be given to the Provincial

Society for recurring and non-recurring expenditure. But the money for financing the society and the affiliated societies was to come out of the capital subscribed and money raised by loans etc.

The society was formed in April 1935, but it actually started work only in August. As the first Board of Directors were nominated by the Government and the nominations were made only then, it was not possible to start work earlier. The Director of Industries, the Textile Expert and the Registrar of Co-operative Societies are *ex-officio* members of the Board of Directors. The nominated Board will be in office for one year, at the end of which period the Board will be elected.

The scheme, as originally proposed, was to start primary weavers' societies in the mofussil, thirty in a year, and to appoint five marketing agents for the sale of the products in the mofussil. In Madras there was to be a Marketing Officer, a Cloth Designer and a Costing Clerk in addition to the Secretary and other usual clerical establishment. The idea was that raw materials should be supplied to the weavers through the primary societies and the finished products might be sold either locally or in Madras. The Provincial Society was to undertake the financial responsibility at all stages. In addition to it a sum of Rs. 10,000 was provided out of the subsidy for the establishment of power driven machinery for finishing and calendering, as well as for preparing and distributing ready made warps for handlooms. The question of effecting reduction in the manufacturing costs was to be studied; and the handloom goods should be made as cheap as possible and an increase in demand for them should be created. It was also contemplated to start a dyeing factory. The provision of Rs. 10,000 was to cover a portion of the cost of the machinery to be installed.

For the hand woven goods to become popular it was necessary to study the market and produce fabrics such as could be marketed in or near the areas of the primary societies. The demand for fabrics for the export market, such as for lungis and Madras handkerchiefs, will have to be studied and the patterns wanted will have to be manufactured by the societies. These were the lines that were chalked out for the working of the society.

The society started by appointing a Marketing Officer in Madras and seven Supervisors of Production Societies who were also marketing agents for the primary societies. Most of the weavers' societies were dormant. So societies had first to be started or revived before any work could be begun. The Provincial Society undertook to give guarantee to the mills for supply of yarn to sixteen societies and ten of them actually have been supplied. It was believed that a supply of yarn with the guarantee of the Provincial Society by the mills direct would cheapen the price of yarn to the consumer. Complaints however are being heard that this is not the case. We are

also hearing that Japanese yarn is much cheaper than the Indian mill made yarn and that it should be supplied to them in preference to Indian mill made yarn. So far, for want of proper agencies in Madras for the supply of Japanese yarn, no such arrangements could be made.

Share capital has not been forthcoming as expected, as this is a line of work in which regular decent profits are not assured. So far shares to the extent of about Rs. 20,000 only have been allotted. Unless persons who sympathise with the movement and who take an interest in the welfare of the weavers, come forward to take shares largely, the society cannot be of much use to the weavers. The number of societies that can be helped is dependent on the share capital available, which is to form the basis for the guarantee to be given to the mills for the supply of yarn and also for financing the societies. It is hoped that the public will realize the importance of the industry to the country and will generously come forward to take shares in the society.

The most difficult part of the work is marketing. So far attempts were made to find a sale through retail dealers and co-operative societies. The price offered by the retail dealers is very low and it is not possible to supply at the rates offered. The terms offered by them as well as by the co-operative stores societies are very high and prohibitive. So it has been decided that an emporium may be started in Madras and sales depots at Madura, Bezwada and Calicut may be started in the beginning of the next year. It is to be seen how far these sales depots will help to clear the goods manufactured by the societies. Attempts are also being made to get wholesale orders for export goods like lungis and Madras handkerchiefs and have them supplied by societies. The success or otherwise of the Provincial Society will depend mainly on the capacity of the society and its officers to find a sale for the goods of the societies If the goods are not sold the production of the societies has to stop and the weavers will not have regular continuous work.

The products of some of the societies were exhibited at the Park Fair, Madras, and it is hoped that the exhibition has to a certain extent shown the consumers the availability at reasonable prices of hand woven fabrics and that the goods have received general appreciation.

The Society, after advertising for and appointing the officers, began regular business only about the beginning of December. It is too early to affirm what it has been able to do so far within the few months of its working. The necessity has been found for the establishment of sales depots. What further experience will show, it is not easy to prophesy both on the production side and on the marketing side. There are many problems to be solved.

Applicability of Section 73 of the Code of Civil Procedure to Sales Under Section 57-A of Act VI of 1932.

By P. K. Srinivasaraghava Acharya, B.A.

A very interesting situation is created when the property of a judgment-debtor is attached and brought to sale by one of his creditors through the civil court and at the same time by a society through the department in accordance with the provisions of Rule XXII in execution of a money decree against the same judgment-debtor. In such cases the procedure to be followed by the Registrars of the District is laid down by the Registrar in his circular F. 5315/33 dated 20–6—1934. It runs as follows:—

'It has been brought to the notice of the Registrar that there are cases in which properties of the defaulters *sought to be attached* in execution of decrees under section 28 of the Act are *already* under attachment by the civil courts. In such cases the Registrar of the District will attach the properties and send intimation to the civil courts concerned. The rateable distribution of the sale proceeds of the properties will be governed by section 73 of the Civil Procedure Code. As it is not possible to state which is the court of the highest grade—the civil court or the Registrar of the District—in the absence of any authoritative ruling or decision in the matter, the Registrar of the District should leave collection and distribution to the civil court itself.'

It has to be noted that the Registrar by his circular has sought to provide only for cases where the property has been first attached by the civil court and not even for cases where the property has first been attached by the society through the department. The circular is delightfully vague and embraces cases where under the rules the society is put to the necessity of attaching in execution of mortgage decrees the very properties that have been mortgaged to it. Implicit obedience to the circular would make the Registrars of the Districts stay their hands when the hypotheca that are being brought to sale are attached through the civil court by a decree-holder in execution of a simple money decree against the same judgment-debtor. It is not to be supposed that such a position cannot arise. The very object of getting mortgages and thus securing the repayment of loans advanced is set at nought by the circular. One cannot help feeling

that this circular ought to have been more carefully worded. Admittedly the Registrar has before issuing this circular applied his mind to sections 73 and 63 of the Code of Civil Procedure. It does not seem however that he has been pleased to consider as to whether both these sections have any application to proceedings in execution taken through the Co-operative Department.

Unless Registrars of Districts can be called 'Courts' within the meaning of the two sections under reference, when such Registrars are executing decrees according to the provisions of section 57-A, sections 63 and 73 can have no application. It should be remembered that among the various functions assigned to Registrars of Districts there are two very important ones which are necessary to be considered. He is authorised to receive references regarding disputes enumerated in section 51 of the act and he is asked to execute decrees under section 57-A (originally section 28) of the Act. When functioning under section 51 he is a 'Court'. The question as to what a court is has been answered in XLI Madras Law Weekly 503. After reviewing the case law on the subject Their Lordships lay down at page 511 the following test for determining as to whether a tribunal can be styled a 'Court'. They are pleased to observe: "To summarise the effect of these decisions, it would seem that we have to look not to the source of a tribunal's authority or to any peculiarity in the method adopted for creating it, (though it is undoubtedly a consideration that it derives its powers mediately or immediately from the Crown) but to the general character of its powers and activities. If it has power to regulate legal rights by the delivery of definitive judgments, and to enforce its orders by legal sanctions, and if its procedure is judicial in character in such matters as the taking of evidence and the administration of the oath, then it is a Court". It has been clearly laid down in XXXII Law Weekly 273 and XXXVIII Law Weekly 880 that the Registrar deciding cases under sections 51 of the Act is a 'Court'.

Applying the test to the Registrar functioning under section 57-A of the Act, it has to be felt that he does not satisfy any of the conditions laid down in that test. The Rule relating to the execution of decrees is rule XXII. The functions assigned to the Registrar are as follows :—

i. To transfer the execution application presented to him to the Registrar within whose jurisdiction the defaulter resides or the property is situated ;

ii. To verify the correctness and genuineness of the particulars set forth and prepare a demand notice and forward it to the sale officer (Sub-rule 2);

iii. To forward the application and the notice to the Registrar of another district where the defaulter is residing or the property to be attached is situated outside his jurisdiction (Sub-rule 2);

iv. On receiving reports from the sale officer to direct the withholding of amounts from the salaries of public servant-defaulters (Sub-rule 5);

v. To issue prohibitory orders in cases mentioned in Sub-rule 6;

vi. To direct that the deposit by an auction purchaser under certain circumstances be forfeited to the Government (Sub-rule 7-2);

vii. To set aside or confirm sales;

viii. Authorise the sale officer to grant receipts.

In short, he has been invested with all powers except those that can go to make him come within the definition of a 'court'. It is rather queer that the framers of these rules, while empowering the sale officer to *investigate and decide* claim petitions, have not thought it fit to invest the Registrar with any of the functions that would bring him within the definition of a 'court'. It may be contended that the sale officer acting under sub-rule 17 is a 'court' but it would be entirely futile to contend that the Registrar functioning under section 57-A of the Act is a 'court'.

If the Registrar of the District is not a 'Court' then it is not possible to understand as to how rateable distribution can be claimed under section 73 of the Code of Civil Procedure for sums due under decrees being executed through the department. The question as to which of the two -the Registrar or the Civil court--is of superior grade does not rise. Consequently the applicability of sections 63 and 73 of the Civil Procedure Code to such cases need not be considered.

Another feature of the circular is that the Registrar is advised to intimate to the civil courts that he has attached the properties. Intimation cannot and does not amount to an application for execution of decrees. Rule 11 of Order XXI of the Code of Civil Procedure does not enumerate intimation as one of the modes for executing

decrees nor does it contain any provision for the Registrar moving a court when the motion ought to proceed from the decree-holder.

Conceding for the sake of argument that the Registrar is a 'Court', even then the difficulty of applying sections 63 and 73 to such cases does not vanish. Certainly the Registrar is not a Civil Court in 43 Allahabad 612 of 1921 A. I. R. In 142 it was considered as to whether section 63 is applicable to a case where the property of the same judgment-debtor is being brought to sale by the civil and revenue courts. Their Lordships, following a ruling in XXII Allahabad, are pleased to observe towards the close of the judgment: 'It is quite clear that section 63 applies only as between civil courts, or where the section is extended to the revenue courts it applies as between the revenue courts, of which there are *several grades* just as there are several grades in the civil courts. There is no provision of the law similar to section 63 which would apply to civil courts and revenue courts.'

The circular of the Registrar if followed would lead to results not at all possible to have been contemplated by persons responsible for it. The decree-holder executing his decree through the civil court can successfully snap his fingers at the less fortunate society executing its decree through the department and attempting to get a rateable distribution of assets realised by the civil court.

It is said, and that too truly, that the troubles of a creditor begin only after he obtains a decree. In the case under consideration the rules framed by the Government do not tend to lessen the difficulties of societies which have obtained decrees against defaulters and are executing them through the department. It is to be hoped that those who are in power will be pleased to consider the defects that are at present existing in the rules and set them right.

THE MADRAS AGRICULTURAL JOURNAL.

An English monthly, which helps to develop your land, your stock, your purse and your country. Rs. 4/- per annum.

Apply :—

MANAGER,

The Madras Agricultural Journal,

Agricultural College & Research Institute,

Lawley Road P. O. Coimbatore.

Co-operative Marketing of Cotton.

By J. S. Ponniah, M.A., Dip., Econ., F.R.E.S.
American College, Madura.

The virtual failure of the Dindigul Co-operative Commission Shop in the Madura District* is in striking contrast with the splendid success of the Koilpatti Co-operative Sale Society in the Tinnevelly District. The figures tell the story most convincingly. At the time of its starting, (24-10-26), the Koilpatti Society had a membership of 25, which rapidly went up to 54 before that year ended (31-12-26). By the end of the next year (31-12-27), that is, within 14 months after its starting, the membership broke all records and jumped to 486, In 1932 it stood at the peak figure of 842. A single sale society in a mofussil town to have such a vast membership even during the depression years is a singular phenomenon. With such a huge membership, the financial aspect of the society is certainly cheering. From Rs. 320 in 1926 at the time of starting, the share capital leaped to Rs. 7,394 in 1934 (the peak figure was in 1931 when it stood at Rs. 8,615). The loans advanced to members have never been below five digits in any year, while in 1929, they actually rose to Rs. 1,48,358, of which only Rs. 3,306 or about two per cent alone was outstanding for collection. Last year a short term deposit of Rs. 4,000 stood to the credit of some members and a fixed deposit of Rs. 100 to the credit of one or two non-members. Village credit societies' membership in the sale society is but negligible—36 out of 682 or only about five per cent.

The transactions are entirely encouraging. From 163 candies of lint and 259 pothies of *kapas* received for sale in 1927, the figures rose to 1823 candies of lint and 5,335 pothies of *kapas* in 1932, the record year. The net profit in that year was Rs. 1,414, and it is highly gratifying to find that in spite of a slight fall in the receipt of stocks for sale in 1933 and 1934 and also of heavy fall in prices, the profits have been steadily increasing from Rs. 1,533-8-0 in 1933 to Rs. 1,803-0-0 in 1934. No wonder that the society's reserve fund at the end of the year stood at Rs. 1,537-10-0. The Provident Deposits also amount to Rs. 4,100.

A glance at the figures will tell that, if a comparison is made between membership and net profits, the per capita share will

* An account of this society appeared in the Madras Journal of Co-operation.

work out only at a miserable sum of less than Rs. 3. But in the table appended to this will be found a column denoting the "number of members benefitted" which is the real basis for the calculation of per capita profit. Dividing the net profits by the number of members benefitted, that is, those who have actually sold through the society we get a most encouraging rate per head—Rs. 225 for the year 1934.

If the members benefitted are only so few—80 out of a total of 682 for 1934—what is the meaning of this amazing difference between the number of 'active members and the sleeping members' in the society? Does not this tend to give a misleading impression about the transactions and the assets of the society? Would not the largeness of nominal members on the roll bring problems of its own in administration and general body meetings?

One is apt to feel that the whole idea of keeping up such a huge membership figure is a matter of window-dressing for purposes of advertisement and propaganda. But the truth is different. There is a strong community of interests among the members, who are mostly drawn from the Telugu-speaking Naidu and Reddi castes; they are a peculiar people, who act together, live together, and share together—though each one may have little to contribute individually to the group activity; everyone in the community desires to have the membership, because it is a community affair, though he may have almost nothing to sell through the society.

If the per capita turnover and the profits of the active members are satisfactory, what is the proportion of the business done by the whole society to the total of the market at Koilpatti? The normal total amount of cotton coming to the Koilpatti market is 5,000 candies. It is pleasing to find that the society's share has been nearly one third in 1933 and 1934 and more than half in the record year of 1932 (2663 candies out of 5,000 candies). What a contrast between the volume of business done at Dindigul and that at Koilpatti!

A further test should be applied to clear another possible misapprehension about the real success of the society. Supposing that out of the 80 active members, the majority, or a good many, at any rate, are the local traders, will not our admiration for the society vanish? But the fact is that there are only ten cotton merchants in the whole town of Koilpatti and only two of them are members of this Sale Society. All the rest of the 80 are ryots. The Sale Society is truly a ryots' society!

Now what is it that makes for the success of the society, which is like a diamond among pebbles? Really it is the unabated loyalty of the members—they deliver the whole of their produce to the society. Is loyalty a monopoly of the tract or a heaven-sent gift to the members of this society, while it is as rare as hen's teeth in other societies? We have indicated the answer in a previous paragraph. It is the community of interests and the social solidarity of that homogeneous Telugu people that is the real cause. The man who exploited this factor and gave it the most tangible and fruitful expression is Mr. Alagirisami Naidu, a gentleman of high character and broad public spirit. The success of co-operation in India depends on such men only; less on the text-book maxims, however inspiring they may be, and the official machinery of the Department of Co-operation. Its present success is also due to the vast business experience in the cotton trade and the practical ability of its present President, Mr. Muthiah Nadar, a gentleman of equally high character and broad public spirit with Mr. Naidu.

With the loyalty of members and the managerial ability and the business acumen of the office-bearers one is apt to deduce that the success of the sale society should be certain; but in India, the fundamental difficulty in co-operative marketing is more on the side of the risks of the business side of marketing than on the availability of loyalty or managerial ability. Cotton is a typical example; for it is extremely difficult even for men who have grown grey in the trade to assess accurately the lint out-turn of the *kapas*, or the grade of the lint; again cotton is a commodity in which price fluctuations are chaotic. Co-operative marketing of cotton is certainly most difficult and requires the greatest amount of business ability.

And how have the members of the Koilpatti society solved this difficulty? A glance at the figures in the table would give us the secret. A good proportion of the goods actually delivered to the society is lint and not *kapas*; and even when kapas is delivered it is first ginned by the society and then the lint alone is put on the market. This is a unique difference in the methods of cotton marketing between Koilpatti and all other cotton markets of the southern districts. And it calls for a brief explanation.

How is it that the ryots deposit lint for sale? The answer is that in all the big villages the well-to-do ryots have their own ginneries. Again, a good many ryots are substantial farmers with large farms, and could afford to wait for selling their product leisurely by

having it ginned first before selling it. The virtue of loyalty is a quality of the financial stability of the farmers. It is no use deploring the lack of that quality in places where the farmers are too small and who could ill afford to have their produce ginned and stored for a sale after the market has improved.

The comparatively larger size of the farms and the greater financial stability of the farmers and their handling of lint in preference to *kapas* do not explain the whole truth about the success of the Co-operative Sale Society. For, another important requirement for co-operative marketing is that the produce should be sold in large bulk to the direct buyers; in the case of cotton either to the spinners or the exporters. Bulk selling implies large amounts of uniform quality or of definite grades. How does the society meet this requirement? It is needless to point out that the cotton grown in the Koilpatti tract is of one variety mostly—the fine Karunganni evolved at the Departmental Farm. The produce of the members makes up a good quantity.

We should ask at this stage whether the Koilpatti Society is selling the produce of the members *co-operatively*. For co-operative marketing is group-selling and group-sharing. How does the society fare in this test? One's enthusiasm for the society is bound to receive a sudden shock at this stage. The members sell their produce severally and in individual lots. The only evidence of co-operative selling is that all the members employ only one broker—the society! It is no use having any delusion about this fact; as it is, the society is but a commission shop, though a number of favourable features loyalty, bulk-supplies, definite grades—make the society appear as a full fledged co-operative marketing society.

It is true that under the existing circumstances at Koilpatti there is not much need for pooling, standardisation and grading, for the reasons given already in the preceding paragraphs, whatever may be the case in the other areas; but that need not stand in the way of the society selling co-operatively.

If the last defect pointed out in the preceding para were removed, the success of the Koilpatti society would be an unqualified one.

If the success of the society continues, is it necessary or wise for the society to branch out and establish out-posts for the sake of expanding its activities? The answer is an emphatic negative. For at present the conditions that favour the success of this society are absent even in the immediate neighbourhood and therefore any attempt at extension is bound to end in disappointment. This has just been borne out by experience. The society opened a Branch at Satur, a very big cotton centre, just 14 miles to the north of Koilpatti and had to close it after a few months. Another Branch opened at Rajapalayam, about 50 miles away to the west, has no other work to its credit except that of loans advanced on the pledge

of produce to the extent of Rs. 4,000. Another Branch in a neighbouring village, Kasturirangapuram, has also been the recipient of loans to the extent of Rs. 25,000. Instead of encouraging or working at such activities one is compelled to condemn them outright; for they tend to dissipate the energies of the society in undesirable directions and in undertakings which are bound to involve it in losses.* A co-operative sale society is not surely a pawn shop or a loan office.

The above statement is not meant to imply that the central society should cease to grow and confine its activities to the head-quarters only. Theoretically there is a strong case for increasing the volume of the transactions of the society by establishing a number of Chain Societies; but it must be repeated with great emphasis that the aim of co-operative selling would be defeated rather than promoted by such an experiment at branching out at this stage. Until pooling becomes a practicable proposition, it is wiser to be marking time. The best method of achieving the object of enlarging the turnover would be to start independent co-operative sale societies in such localities where conditions are favourable. Then may a plan of federation or co-ordination be tried.

This is by no means a call to dead stop for the Koilpatty Co-operative Sale Society. It has a very big task ahead—far more important than increasing the volume of business or building up a larger reserve fund—and that is the establishment of a link between marketing and production. The Sale Society at present is carrying on a small business in seed distribution. It treats this business as a subsidiary or a side issue though it is one of the means of nareing good profits. In 1933 it handled Departmental seed worth Rs. 2,000. There is no need to point out that this work is but a fraction of what is needed for the whole of the Koilpatti cotton growing area of about four lakhs of acres.

If the society could expand this business of seed distribution not for profit making, but for better-farming and for promoting a common interest among the members for growing improved cotton, as the co-operative seed societies of Coimbatore are doing, it will supply one link that is now essential to make the co-operative chain strong and enduring. With this aim in view, the immediate object of the society should be to open a number of seed societies as auxiliaries and not as independent concerns and link them up with the central society for marketing as well as production. A grant from the Indian Central Cotton Committee for this purpose as is given to the Tiruppur Society is certainly an urgent necessity.

* The area of operations of this society should be severely restricted to the Koilpatti Tract; the bye-laws should be immediately amended accordingly.

O. 522. Koilpatti Co-operative Sale Society, Ltd.—Progress Statement.

Year.	No. of Members.	No. of Members benefitted.	Share Capital.		Loans issued to Members.	Loans outstanding.	Stocks Recd.		Sold.		Value of seeds sold.	Quantity of seed sold.	Gross income.		Nett profit.		Total Reserve Fund.	
							Lint Candies.	Kapas Pothies.	Lint Candies.	Kapas Pothies.								
			Rs.	A.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	A.	Rs.	A.	Rs.	A.
1926 ...	25	...	320	0	...	...	...	...	...	...	...	...	...		76	0	...	
1927 ...	486	22	4,625	0	20,510	8,710	163	259	77	12	1,782	...	530	0	−47	0	19	0
1928 ...	663	86	6,175	0	1,26,845	24,110	1,224	6,228	1,023	137	...	...	5,110	0	1,121	0	19	0
1929 ...	769	69	8,310	0	1,48,358	3,306	1,546	5,634	1,511	130	1,121	3,05,472	6,269	0	154	0	311	0
1930 ...	790	34	8,355	0	13,775	902	180	869	135	159	900	17,664	735	0	−565	0	350	0
1931 ...	823	56	8,615	0	56,193	17,666	1,005	2,022	656	48	1,028	83,583	2,473	0	—557	0	350	0
1932 ...	842	129	8,586	8	1,04,280	14,105	1,823	5,335	1,732	152	1,055	12,107	8,528	0	1,114	5	703	6
1933 ...	775	73	8,023	0	34,178	17,580	1,227	2,434	667	9	1,985	61,435	4,160	0	1,533	8	1,086	12
1934 ...	683	80	7,397	14	49,787	7,886	1,400	2,142	1,084	...	687	10,727	5,181	3	1,803	5	1,537	10
1935 ...	775	...	...		...	...	...	...	...	...	...	...	...		...		...	

Remarks.—Society Members in 1934-35—36.
Branch at Kalugumalai 1931.
Branch at Rajàpalayam opened in 1927.
Central Bank cash credit Rs. 30,434.

Tiruppanangadu Button Manufacturers Production and Sale Co-operative Society.

By Mr. K. Narayanaswami Mudaliar.
Deputy Registrar of Co-operative Societies, Vellore.

A co-operative production and sale society on limited liability basis has been registered for the button manufacturers at Tiruppanangadu, a village belonging to this District and lying 10 miles west of Conjeevaram. Its postal address is Tiruppanangadu village, Dusi Post, in the Cheyyar Taluk of North Arcot District. This industry affords a subsidiary occupation to some of the ryots of the village who know the art of button manufacture, and also gives a profitable use to spare time which in many villages runs into waste. There are at present 45 members with a paid up share capital of Rs. 132. There is every scope for the expansion of the society. The objects of the society are to improve the button making industry and develop the art of button manufacture and to provide a market for the ready sale of buttons manufactured by the members and sell them to their best advantage.

The society runs a small factory consisting of six machines. Besides some adults who are now employed at the factory, a few lads of the village are also working at the factory as associates. There is a trained teacher to instruct these workmen, watch and regulate their work. The workers get wages according to the quantity of buttons produced each day.

The materials that are mostly used for the manufacture of buttons are semmaram, palamaram, sandalwood and bones. Buttons of various patterns are being produced. Shirt and coat buttons of various designs, and collar and cuff buttons are being manufactured. The quality of the material used and the workmanship are good and can well compare with and even excel their kind available in the market.

The buttons manufactured in this factory were exhibited at Tiruvannamalai during the last Kirthigai Deepam and at Madras during the Park Fair exhibition, when they were very much appreciated by the public at large. The prices of the various kinds of buttons produced are also comparatively very cheap. Government officials who had occasion to visit the society have also been very much impressed with the quality and price. As the society is now in its infancy it requires wide publicity and facilities for marketing its finished goods. Mr. S. A. Venkataraman, I.C.S. Collector of North Arcot, who visited the society on the 29th December 1935 was pleased to observe as follows:—

"I was greatly interested to see this tiny factory and to watch the village lads putting their hands to simple manufacturing work of this kind. We want more of such industries. They not only make us more self-supporting as regards our minor wants but also fill a gap in ordinary village economy by giving a profitable industrial bias to spare time which now largely seems to waste. The buttons are of fairly good quality. I only hope that the sponsors of this enterprise will not neglect the marketing and selling side of the business, for that is where most of our undertakings come to grief."

Conferences.

TINNEVELLY DISTRICT SUPERVISORS' CONFERENCE.

The Second Conference of the Supervisors of Tinnevelly District was held in the premises of the Central Bank on Saturday the 7th March 1936 with Mr. S. M. A. Muthu Pillai in the chair. Mr. M. D. Kumaraswami Mudaliar, President of the Bank, concluded the proceedings with a short and instructive address to the Supervisors.

I. Important Circulars issued by the Registrar, the Deputy Registrar, and the Bank, were read and explained.

Collection :—It was impressed on the supervisors that the collection of overdues was one of the most important items of their work, though not their sole work. They were instructed to carry on collection work in an organized manner especially during the harvest season and show nil balance in the societies in their charge. Of the several items which were dealt with, the supervisors were instructed to pay special attention to the following points for expediting collection. They should prepare a list of village officers and Government Servants and Employees of Local Boards, who are defaulters so that arrangements may be made to address the heads of the concerned Departments. Arrangements should be made for taking speedy execution proceedings against non-resident defaulters through the Sale Officers of the area. They should also ascertain the sales pending confirmation and address the Deputy Registrar to confirm them at an early date. After the sales are confirmed they should arrange to dispose off the properties and remit the sale proceeds to the Bank. They were also reminded of the fact that in many cases where sale certificates were obtained no action had been taken either for taking possession of the properties or for disposing them off. Moneyed men in the villages should be approached tactfully and persuaded to purchase the properties. Depression, of course, renders it difficult to dispose off the properties but it cannot be attributed to all cases. In cases where it is not possible to dispose off the properties they should be leased out and lease deeds obtained. In cases of long term mortgage loans the supervisors were instructed to transfer them to the Land Mortgage Banks working in the area. Their attention also was drawn to the existence of the loan and sale societies in the district and they were instructed to induce the members to pledge their produce in the nearest loan and sale society, get temporary money accommodation and wait for a favourable market, when the produce could be sold to the best advantage.

Proceedings awarding red marks to two of the supervisors for having effected goodc ollections of long standing arrears were read, and the others were exhorted to show similar progress during the ensuing collection season.

II. Duties and Responsibilities of the Supervisors.

Detailed instructions were given by the Secretary about their duties and responsibilities and their attention was drawn specially to the following points:—

(*a*) The importance of the annual correct revision of the property statement and the necessity for its completion before the close of the second quarter.

(*b*) Necessity for the individual verification of borrowers, its objects and advantages.

(*c*) The importance of the verification of bonds and decrees and the procedure to be adopted in the case of missing ones.

(*d*) That the supervisors would verify the cash-balance soon after their arrival in a village and that they should arrange to remit heavy cash-balances before leaving the village.

(*e*) Adjusting head. Steps to be taken for the readjustment of the items, before the next audit comes off.

(*f*) Propaganda and education of office-bearers and correct and up-to-date maintenance of account books.

(*g*) Revival and expansion of societies.

(*h*) Granting of short term loans for agricultural purposes as per orders of the Registrar and the fixing up of due dates.

III. General Instructions.

The Secretary pointed out that though detailed instructions were given to them in the previous Conference it was still found that they had not improved in many respects. Many of the Supervisors did not submit periodicals in time, necessitating issue of reminders. Reports were prepared in a most careless manner. Many reports were devoid of any meaning. They should learn to improve and be punctual.

IV. Non-Credit Work.

(*a*) The Supervisors were instructed to do propaganda work in favour of the Co-operative Life Insurance Society and the Button Manufacturing Society in Vellore District. To start with, Supervisors who have not themselves insured their lives, were exhorted to insure their lives in the Co-operative Life Insurance Society at least for Rs. 500 each.

(*b*) It was brought home to them by the Secretary that want of proper marketing facilities was one of the vital causes that were responsible for the decreasing repaying capacity of the agriculturists and detailed instructions were given to them for the development and expansion of the existing loan and sale societies and for the organization of new societies where there was scope for the successful working of a venture of the kind.

V. Loan Applications: Preparation—defects—what to do.

Short notes and instructions were given regarding the defects found in loan applications, registration of bonds, encumbrance certificates etc. They were reminded that the repetition of similar defects would seriously reflect on their capacity for work, as the very recovery of the loans depended on the accuracy of the particulars furnished at the time of preparing the loan applications.

VI. Registrar's Scheme Work.

Detailed instructions were given about the scope and potentialities of the Registrar's Scheme Work, bringing out the importance of securing the ill-secured loans and correctly assessing bad debts.

VII. Rectification of Audit Defects.

It was pointed out by the Secretary that many of the supervisors postponed the rectification of audit defects which resulted in the issue of lengthy defect-sheets year after year and the accumulation of the amount in the adjusting head. They were instructed that this should not be neglected in future on any account and that the defects pointed out in one audit, should not stand unrectified during next audit.

VIII. Doubts and difficulties of Supervisors.

Supervisors were encouraged to discuss their practical difficulties in carrying out their duties. Doubts were cleared and advice given how best to overcome practical difficulties in the discharge of their duties.

As a result of their representation and to give them some additional stimulus to discharge their duties faithfully, their F. T. A. was recommended to be raised from Rs. 7 to Rs. 8 per mensem to the Committee, who have since been pleased to raise it accordingly.

At the end; the President of the Bank delivered a short and instructive lecture (*Omitted—Ed.*) exhorting the Supervisors to discharge their duties sincerely and efficiently and thus earn credit both to themselves and to the institutions which they serve.

CO-OPERATIVE MARKETING.

A CONFERENCE OF SELECT OFFICIALS AND NON-OFFICIALS.

A Conference of Select Deputy Registrars and a few non-officials interested in Co-operative Marketing was held in the Registrar's Office on 23rd March 1936, commencing at 9 A.M. The Conference sat the whole day with an interval of two hours for breakfast and broke up at 6 P. M.

The following were present :—

M.R.Ry. M. Giriyappa, B.A., Joint Registrar, presiding.

Deputy Registrars.

M.R.Ry. K. Rangaswami Naidu Garu, B. A., Deputy Registrar, Vizagpatam.

" K. Muthukrishna Naidu, B. A., B. L., Deputy Registrar, Bezwada.

Mr. G. C. Spitteler, Deputy Registrar, Madura.

M.R.Ry. A. D. Balasundara Mudaliar Avl., B.A., Deputy Registrar, Cuddalore.

" J. C. Ryan Avl., M.A., Deputy Registrar, Salem.

" K. Subrahmaniyam Naidu Garu, M.A., Deputy Registrar, Madras.

" K. Sarvothama Rao Avl., M.A., Personal Assistant to the Registrar, Madras.

Non-Official Gentlemen.

M.R.Ry. V. Ramadas Pantulu Garu, President, Provincial Co-operative Bank, Madras.

" Diwan Bahadur T. A. Ramalingam Chettiar Avl., B.A., B.L., President, Coimbatore District Urban Bank.

" T. Adinarayana Chettiar Avl., Bar-at-law, President, Salem District Urban Bank.

" K. C. Ramakrishnan Avl., Director, T. U. C. S.

" Rai Bahadur V. Murugesa Mudaliar Avl., Secretary—North Arcot District Co-operative District Central Bank, Ltd., Vellore.

" Rao Sahib K. M. Singaravelu Mudaliar, Avl., Director, North Arcot District Co-operative Central Bank, Ltd., Vellore.

M.R.Ry. D. A. Narasimham Pantulu Garu, Secretary, Co-operative Central Bank, Ltd., Vizianagaram.

„ O. A. Narayanaswami Iyer Avl., B.A., B.L., Director, Tanjore Co-operative Central Bank.

Representatives of Sale Societies.

M.R.Ry. R. Satyanarayana, Chodavaram (Vizagpatam.)

„ P. Satyanarayana Garu, Sri Rama Co-operative Loan and Sale Society, Vizagpatam.

„ B. Ahaiya Naidu Garu, Loan and Sale Society, Anakapalli.

„ R. A. Sivananda Mudaliar Avl., South Arcot Co-operative Central Loan and Sale Society, Cuddalore.

„ V. Srinivasa Rao Avl., Secretary, the T. U. C. S., Madras.

„ N. Satyanarayana Garu, Co-operative Loan and Sale Society, Alamuru.

„ T. R. Srinivasa Ayyangar Avl., Secretary, Co-operative Loan and Sale Society, Ltd., Tanjore.

„ B. Veniatariyalu Garu, (Illegible) President, Loan and Sale Society. Ramachandrapuram, (East Godavari Dt.)

„ S. S. Rajan Avl., Paddy Loan and Sale Society Ltd. Madura.

„ L. N. Paramasivam Pillai Avl., Sivagnanam Agricultural Society, Lalgudy, (Trichy Dt.)

„ K. A. Nachiappa Gounder Avl., M.L.C., President, Tiruchengode Sale Society, Tiruchengode (Salem Dt.)

„ Y. Narayana Rao Garu, Secretary, Local Co-operative Union, Yallamanchili.

The following resolutions were recorded :—

Godowns.

I. (1) The want of proper godown facilities at suitable centres has been a great handicap to the ryot in marketing his produce and generally to the progress of the loan and sale societies;

(2) Government be therefore requested to construct godowns at their own cost at all suitable centres and charge rent for the godowns;

(3) Where there is sufficient demand and sufficient business a primary society or a loan and sale society or a Central Bank may also put up godowns and take Government loan at 3½ per cent on simple interest for the first five years and at equated payment for the next 25 years ;

(4) Where such loans are given, Government be requested to give free grant of sites where available for the construction of godowns.

Direct lending to ryots.

II. In general, it is neither safe nor desirable for loan and sale societies to lend direct to ryots for cultivation purposes. This should be left to rural credit societies. In special cases, however, where conditions permit, they may be permitted to lend with the previous sanction of the Registrar.

Paid Secretaries.

III. (1) It is desirable that paid Secretaries are appointed to work loan and sale societies. For this purpose, Government be requested to give the necessary staff of Inspectors or Agricultural Demonstrators free for some years until the societies are in a position to pay for them and if necessary, augment this staff for the appointment of Managers and Warehouse Officers to carry on the additional work of these societies.

(2) It is necessary to have a staff of Inspectors and Agricultural Demonstrators trained in marketing.

Recruitment of Agricultural Graduates to the Co-operative Department.

IV. (1) It is desirable to recruit into the Co-operative Department a definite number of trained Agricultural Graduates so as to be always available for work in loan and sale societies.

(2) In the meantime the Agricultural Department be requested to make the services of Agricultural Demonstrators freely available to the loan and sale societies.

Organisation at suitable centres.

V. (1) Steps should be taken to resuscitate the large number of loan and sale societies in the Presidency now dormant. The Deputy Registrars be requested to inspect them and submit special reports so that action may be taken.

(2) It is desirable to organise Loan and Sale societies at suitable centres after taking into consideration the human material available, the local circumstances and also the question whether they will be able to pay their way in the long run.

Organisation of a Provincial Society.

VI. It is highly desirable to organise immediately a Provincial Central Marketing Society at Madras to co-ordinate the activities not only of the various loan and sale societies but also of the Co-operative Stores by getting them into touch with the market places, the places of production and the prices prevailing. It is necessary that the provincial society should also undertake the sale of produce of societies and individuals who become members of the Provincial society. It shall start work with perishables to begin with and establish sales stope without

delay in the Madras City and other suitable places in the Presidency. Co-operative Inspectors to be appointed to look after the sales depots Government grant may be asked for to meet the necessary initial expenditure and the Provincial Bank also may be asked to contribute towards the expenses. A committee of the following 3 gentlemen is appointed to see to the establishment of the Provincial Society at an early date.

1. M. R. Ry. V. Ramadas Pantulu Garu.
2. ,, Dewan Bahadur T. A. Ramalingam Chettiar Avl.,
3. ,, T. Adinarayana Chettiar Avl.,

Loans.

VII. (1) Central Banks be requested to lend to loan and sale societies at 1 per cent less than their usual lending rate to societies.

(2) Central Banks be requested to grant cash credits to loan and sale societies to be operated upon through such Urban Banks as are recognised by them to be their transmitting agencies so as to enable them to draw the amounts required without delay by the presentation of demand drafts on them.

(3) The system of granting loans to members of primary societies on condition that members should market the produce through the loan and sale societies at least to the extent covered by the loan should be made compulsory. This should be made applicable to both commercial and food crops.

Limit of Loans.

VIII. (1) It is resolved that the present limit of advance by loan and sale societies of 60 per cent for commercial crops and 75 per cent on food crops is reasonable and may stand for the present.

(2) The borrowing power of the loan and sale societies need have no reference to their paid up share capital in so far as the loans on the pledge of produce are concerned.

Co-ordination of Stores.

IX. The co-ordination of the activities of the Co-operative stores in the Presidency in the matter of dissemination of commercial intelligence should be undertaken without delay by the Provincial Marketing Society.

X. This conference records with thanks the resolution of the Provincial Bank to place liberal subsidies at the disposal of Central Banks to meet the initial establishment charges of the loan and sale societies.

Co-operation in Legislative Council.

3-2-1936.

Debit to the District Bank of the cost of notifications regarding the liquidation of rural societies.

* 705Q.—Mr. G. Rameswara Rao: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) whether the District Bank is called upon to pay the cost of notifications in case of liquidation of any rural society within its area;

(*b*) whether the Government give any advance to cover such incidental expenses and recover it out of the realizations;

(*c*) the average period for which liquidation proceedings have continued in general and such period in the Anantapur district in particular; and

(*d*) whether the cost of the notifications regarding liquidation is entirely borne by the Government or whether it is recoverable with or without any interest?

A.—(*a*), (*b*) & (*d*). Clause (*a*) of rule XVII of the Rules under the Madras Co-operative Societies Act, VI of 1932, provides that the appointment of the liquidator of a co-operative society shall be notified by the Registrar in the *Fort St. George Gazette*. Accordingly, notifications regarding the cancellation of the registration and the appointment of liquidators of rural societies are sent to the Superintendent, Government Press, for publication in the *Fort St. George Gazette*. The costs are entirely borne by Government as the issue of a notification is a statutory duty imposed on the Registrar.

(*c*) The periods for which liquidation proceedings continue depend upon several factors and mainly upon the amount of assets to be recovered and the nature of the persons from whom the assets have to be recovered—their solvency, their tendency to litigation, etc. Generally, it takes about two to four years to complete the liquidation proceedings in societies and, in a large number of cases, it takes about three years. In the Anantapur district, liquidation proceedings are closed in about two years on the average.

Mr. G. Rameswara Rao:—" The answer says: 'The costs are entirely borne by Government as the issue of a notification is a statutory duty imposed on the Registrar.' May I request the Hon. Minister to order the refund of such costs collected from parties?"

The Hon. Mr. P. T. Rajan:—"If any amounts have been paid, I shall ask the Registrar to consider the question of returning them."

5-2-1936.

Procedure regarding the preparation of property statements of rural co-operative societies.

*729Q.—Mr. G. Rameswara Rao: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) who the officer or authority required to prepare property statements of rural co-operative societies is;

(*b*) whether there is any higher authority that checks them or scrutinizes them at any time;

(*c*) whether the Registrar (or his subordinates) takes these statements as a basis for fixing the maximum borrowing power of the societies concerned;

(*d*) who the authority is who fixes the maximum borrowing power of a society and whether the property statement of the members of the society is a factor in fixing the maximum borrowing power of the society;

(*e*) whether the said statements include the total of debts including interest up to date of the members of the said societies;

(*f*) whether only the principal of the debts due—either to the society or the other creditors—is shown in the said statements and all the interest is omitted; and

(*g*) if the answer to clause (*f*) is in the affirmative, whether there are any steps contemplated to change that practice, so that a correct estimate of the net assets of the members may be available, before the loan applications of such societies are dealt with by the financing banks?

A.—(*a*) & (*b*) Under rule V of the rules issued under the Madras Co-operative Societies Act, 1932, rural co-operative societies with unlimited liability are required to maintain a property statement of their members. The officers of the society prepare it and it is passed at a meeting of the general body. The union supervisor usually helps in the preparation and the revision of these statements every year. The departmental auditor test-checks the property statement at the time of the final audit of the society.

(*c*) & (*d*) Yes. The Registrar (the Deputy Registrar).

(*e*) & (*f*) The debts due by the members to the society and other creditors *exclusive of interest dues* are shown in the statement.

(*g*) No. The maximum borrowing power of a society is fixed at a figure not exceeding one-eighth of the net assets as exhibited in the property statement. No change in this practice is

contemplated. The property statement of the society is not the only factor taken into consideration before the financing bank grants a loan to a society. The general working of the society, its management, its past history and the repaying capacity of borrowers are all taken into consideration before loans are granted.

Mr. G. Rameswara Rao :—"May I remind the Hon. Minister that what was in my mind when I put the question was that a circular was issued by the Registrar in 1928 or so that all debts inclusive of interest due up to date must be shown? May I ask whether it is ignored in actual practice or whether any steps are taken to enforce that circular?

The Hon. Mr. P. T. Rajan :—"I am not aware of it; as my Hon. Friend has now brought it to my notice, I am prepared to look into the matter."

Mr. C. R. Parthasarathi Ayyangar :—May I know whether any steps are taken every year to check the solvency of persons, with reference to the statement furnished?"

The Hon. Mr. P. T. Rajan :—"Every year the statement is revised."

Mr. C. R. Parthasarathi Ayyangar :—May I ask whether it is carried out in practice or whether it merely exists on paper?"

The Hon. Mr. P. T. Rajan :—I do not think it is not done in the proper way. Every year the officer concerned revises the statement."

28-2-1936.

Operations of the Land Mortgage Banks in relieving agricultural indebtedness.

* 842Q.—Mr. M. A. Manikkavelu Nayakar: Will the Hon. the Minister for Public Works be pleased to say—

(*a*) how many Land Mortgage Banks, districtwar, have so far been started;

(*b*) what the total amount is of rural debts that the Land Mortgage Banks have cleared off;

(*c*) what the percentage of clearance of agricultural debts is to the total amount of agricultural debts; and

(*d*) whether it is contemplated to launch a vigorous campaign for starting more Land Mortgage Banks?

A.—(*a*) There are at present 79 Land Mortgage Banks in the following districts:—

Bellary, Kurnool, Ganjam, Anantapur and Cuddapah.	1	in each	5
Ramnad and Tinnevelly ...	2	,,	4
Salem, Guntur, Nellore, Madura and Trichinopoly.	3	,,	15
South Arcot, Vizagapatam and Chingleput.	4	,,	12
North Arcot		...	5
Kistna and West Godavari ...	6	,,	12
East Godavari and Tanjore ...	8	,,	16
Coimbatore		...	10
	Total	...	79

(*b*) Land Mortgage Banks have issued loans amounting to Rs. 71,63,088 up to 30th June 1935 for redemption of mortgages, discharge of other prior debts, improvements of lands and of methods of cultivation and purchase of lands in special cases on condition that such purchase will enable the ryot to round off his holding and work it more economically. No separate figures are available of the total amount of loan granted for the redemption of mortgages and discharge of other prior debts.

(*c*) The Provincial Banking Enquiry Committee estimated the total debt in the province at Rs. 150 crores. This is admittedly a rough estimate. In his report on Agricultural indebtedness, Mr. Satyanathan estimates the total agricultural indebtedness at about Rs. 200 crores. It is evident that this estimate also rests on a great many assumptions and deductions. On the basis of these estimates, the total amount of loans granted by Land Mortgage Banks works out to less than ½ per cent of the total amount of agricultural debts.

(*d*) No. The effect of the recent amendment to the agriculturists' Loans Act on the working of Land Mortgage Banks will have to be watched before further expansion can be undertaken. As there is a heavy demand for special staff in connexion with the grant of loans under the amended Agriculturists' Loans Act and as the funds available are limited, the Government have considered that no new banks should be started during 1936-37.

Mr. P. Peddi Raju :—" May I know, Sir, in view of the fact that the loans under the Agriculturists' Loans Act are intended to cover only small amounts of money, whether the starting of new land mortgage banks which can give larger loans will not help the ryots in 1936-37?"

The Hon. Mr. P. T. Rajan:—"The reasons are given in answer to clause (*d*)."

Mr. P. Peddi Raju:—"I am only referring to clause (*d*). It is said that the matter is under consideration and that they are watching the effect of the recent amendment, and the Government itself want to lighten the agricultural indebtedness and have decided upon that policy. Therefore, is it not possible to have more Land Mortgage Banks in pursuance of that policy?"

The Hon. Mr. P. T. Rajan:—"Funds are limited and are not enough both for the Land Mortgage Banks and the other items."

Diwan Bahadur T. A. Ramalingam Chettiyar:—"Does it not mean that persons who want loans will be denied relief and that they will not get as much as necessary under the Agriculturists' Loans Act?"

The Hon. Mr. P. T. Rajan:—"They will have to be content with what they get for the time being."

Diwan Bahadur T. A. Ramalingam Chettiyar:—"Under the rules framed under the Act, the maximum loan that could be given is only Rs. 2,000. So all benefit will be denied to people who want sums more than Rs. 2,000?"

The Hon. Mr. P. T. Rajan:—"Quite so."

Diwan Bahadur T. A. Ramalingam Chettiyar:—"So, is it not the duty of the Government to find funds, especially when they have launched on a policy of dealing with agricultural indebtedness for starting more Land Mortgage Banks?"

The Hon. Mr. P. T. Rajan:—"All depends upon the amount of funds available."

Diwan Bahadur M. Gopalaswami Mudaliyar:—"How long will it take for Government to start more banks?"

The Hon. Mr. P. T. Rajan:—"About a year or so."

Diwan Bahadur T. A. Ramalingam Chettiyar:—"Does the Government realise that there are few Land Mortgage Banks in the Ceded districts and other dry areas and that people in need will suffer more and more?"

The Hon. Mr. P. T. Rajan:—"Yes, Government are aware of it."

Extracts.

(*Extracted from 'Madras Administration Report' for 1934–35.*)

CO-OPERATIVE SOCIETIES.

(1st July 1934 to 30th June 1935).

(Report on the working of the Madras Co-operative Societies Act, 1932, for the year 1934–35; Statistical Abstract for British India—Co-operative Societies.)

General.

103. Though the seasonal conditions were not on the whole good and the economic depression continued, the slight rise in the prices of paddy and other commodities together with the reduction of rates of interest charged on loans to members and the complete waiver of penal interest, resulted in greater relief to the borrower than in the previous year. Although the agricultural credit movement has not shown much progress during the last few years, at least further deterioration has been arrested. Unfortunately, the tendency on the part of members to introduce politics into the movement continued to persist. The number of Deputy Registrars continued to be 22 and at the end of the year there were 47 posts of Sub-Deputy Registrars.

Expenditure.

The total expenditure incurred on the working of the department, amounted to Rs. 11.17 lakhs as against Rs. 10.85 lakhs in the previous year. The net expenditure represented 0.52 per cent of the total working capital of all societies as compared with 0.66 per cent in the preceding year.

Societies.

104. There were at the end of the year 13,453 societies of all classes as against 13,634 in 1933-34.

Rectification and Consolidation.

The policy of reforming and consolidating existing societies in preference to expansion was continued and only 100 societies were newly registered, compared with 140 last year. In pursuance of the policy of weeding out bad societies, the registration of 281 societies was cancelled during the year and 1,367 societies were under liquidation at the end of the year. As many as 444 societies were brought under the operation of by-law 62, which provides for the appointment of either members or non-members as agents of societies. It was noticed that societies which were kept under persons other than members were making steady progress as a result of strong action taken against defaulters.

Working Capital.

The following table shows the resources of the various classes of societies on the 30th June 1935 :—

Types of Societies.	Total working capital.	Percentage of total working capital derived from					
		Share Capital.	Deposits.	Loans from other Societies.	Government.	Reserve Fund.	Other Funds.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Rs. (in lakhs)						
1 Madras Provincial Co-operative Bank ...	186.78	3.53	48.40	37·61	...	7.76	2.70
2 District Central Banks ...	511.13	10.67	53.55	25.12	...	5.92	4.74
3 Central Land Mortgage Bank ...	55.76	4.28	91.34	3.35	...	0.79	0.24
4 Agricultural Societies ...	547.01	12.39	7.91	62.69	1.33	13.09	2.59
5 Non Agricultural Societies ...	371.16	25.85	50.88	6.68	4.05	9.52	3.02

The working capital of all societies increased from Rs. 1,632.05 lakhs to Rs. 1,671.84 lakhs. The total working capital employed in the movement exclusive of the investments of one society in another amounted to Rs. 1,048.19 lakhs.

Repayments.

Though the percentage of balance to demand was high, the repayment by societies to Central Banks worked out to 36.24 per cent of the loans outstanding at the end of the year. Viewed from this standpoint the collections cannot be considered unsatisfactory. There was some definite improvement in the collection of current interest due by societies to Central Banks and by members to agricultural societies the percentage of balance to demand at the end of the year being 11.16 and 58.69 as against 12.69 and 63.81 at the end of the previous year.

Banks.

105. *Madras Provincial Co-operative Bank.* The Madras Provincial Co-operative Bank continued to make steady progress. The deposits of individuals fell from Rs. 53.27 lakhs to Rs. 52.87 lakhs and those from local boards and municipal and jail contractors also fell from Rs. 15.83 lakhs to Rs. 15.73 lakhs, but there was an increase in the

deposits made by Joint Stock Banks and other institutions from Rs. 9.33 lakhs to Rs. 10.63 lakhs. The financial position of the bank was sound. The bank earned a net divisible profit of Rs. 2.04 lakhs as against Rs. 2.31 lakhs in the previous year. The fall in the net profit was due to the reduction in the margin of profits made by the sale and conversion of Government securities. At the close of the year, a sum of Rs. 8.74 lakhs was outstanding against Central Banks and a sum of Rs. 10.63 lakhs against individuals. There was a greater demand for loans from the Central Banks than in the previous two years.

Central Banks. The number of Central Banks remained unaltered at 32. The number of individual members rose from 4,106 to 4,243; the number of society members, however, fell from 11,978 to 11,889, as a result of the cancellation of registration of some societies. The paid-up share capital of these banks fell from Rs. 55.05 lakhs to Rs. 54.53 lakhs chiefly on account of the liquidation of societies. There was an appreciable fall in deposits and other borrowings by about Rs. 49 lakhs, the main reason being the non-acceptance of fresh deposits from local bodies. All the Central Banks except the Madras Christian Central Bank worked at a profit but the total net profits of the banks fell from Rs. 4.43 lakhs to Rs. 4.21 lakhs. The fall was partly due to the continuance of the policy of making adequate provision for the bad and doubtful debts. The banks were advised to declare a dividend not exceeding 5 per cent, in view of the low money-rates prevailing in the market, and to carry whatever remained to the Reserve Fund or the Bad Debt Reserve. The Central Banks borrowed Rs. 7.52 lakhs as against Rs. 15,414 in the previous year and the amount outstanding at the end of the year was Rs. 8.74 lakhs as against Rs. 6.93 lakhs at the end of the previous year. A sum of Rs. 7.48 lakhs was outstanding against individuals at the end of the year and an amount of Rs. 302.92 lakhs against societies. During the year Rs. 14.97 lakhs were advanced to individuals and Rs. 87.10 lakhs to societies. Nineteen Central Banks failed to maintain the required standard of fluid resources on certain days in the year. As a result of the steps taken, the surpluses in Central Banks showed a further reduction from Rs. 54 lakhs to Rs. 26.36 lakhs.

Central Land Mortgage Bank. The Central Land Mortgage Bank had another successful year. Owing to the easy condition of the money market and to the growing popularity of its debentures, the bank secured all the funds it required at cheap rates of interest. Apart from the issue of new debentures, the bank continued the systematic conversion of high interest-bearing debentures. The benefit of the reduction of interest on the debentures was passed on to the ultimate borrowers in primary banks. The bank had 261 members including 71 primary banks and had a share capital of Rs. 2,38,400 as against Rs. 1,94,300 in the previous

year. A gratifying feature of the year was the absence of any overdues. The net profits amounted to Rs. 69,327 as against Rs. 41,111 in the previous year.

Primary Land Mortgage Banks. There were 76 Primary Land Mortgage Banks on the 30th June 1935 with a membership of 16,086. Thirty-eight banks made a profit of Rs. 32,942 and 34 incurred a loss of Rs. 17,067. Four banks did not start work during the year. Debentures of the value of Rs. 65,800 under "A" series and Rs. 27,350 under "B" series were redeemed by the primary banks during the year. Out of Rs. 4.28 lakhs under principal and Rs. 3.84 lakhs under interest, the banks collected Rs. 2.70 lakhs under principal and Rs. 3.59 lakhs under interest.

Agricultural Societies.

106. At the end of the year there were 11,647 agricultural societies with a membership of 584,201. Of the societies in existence, 11,143 were ordinary credit societies, 79 purchase, purchase and sale societies and 349 other types of societies. These societies disbursed Rs. 124.73 lakhs as loans to their members as against Rs. 92.16 lakhs in the previous year, 58.32 per cent of the loans being intended for productive purposes. The amount of loans due by agricultural societies to Central Banks was Rs. 343.48 lakhs.

Credit Societies. The number of agricultural credit societies fell from 11,284 to 11,143 and the total membership from 5,51,236 to 5,32,346 The paid-up share capital also fell to Rs. 58.33 lakhs and the working capital to Rs. 457.67 lakhs. The total divisible profits earned by some societies rose from Rs. 8.70 lakhs to 9.30 lakhs while the total loss not yet recouped by the remaining societies was Rs. 23.48 lakhs at the end of the year. While the percentage of overdues to demand under principal and under interest fell to 69.65 and 63.65 the percentage under arrear interest rose to 72.50.

Societies for purchase, purchase and sale. The number of societies for purchase, purchase and sale, rose from 75 to 79. The purchases made by these societies amounted to Rs. 3,69,444 and the sales to Rs. 17,03,884. The profits of some of these societies were Rs. 19,530 and the losses of others amounted to Rs. 6,892.

Societies for Production and Sale. Of the 13 societies for production and sale at the end of the year, 10 were milk-supply societies and 2 were agricultural and industrial societies. The Madras Milk-Supply Union to which the 10 milk-supply societies supplied milk, realized Rs. 1,35,664 by the sale of milk and milk products and earned a net profit of Rs. 4,667. One of the agricultural and industrial societies transacted no business during the year, but the other crushed sugarcane to the value of Rs. 12,160 and produced 6,079 maunds of jaggery.

Societies for joint cultivation of land. The total number of societies for joint cultivation by members and for purchase of house-sites was 772 (788 last year) with a membership of 32,523. There were 35,109 acres of land, 12,020 house-sites and 10,303 houses in the enjoyment of the members at the end of the year. These societies advanced loans to the members to the extent of Rs. 1.50 lakhs and recovered an amount of Rs. 1.54 lakhs.

Other forms of Societies. Out of the 336 societies of other kinds, 12 were kudimaramat and irrigation societies, 8 agricultural demonstration societies and 11 land reclamation societies. Two thousand six hundred and three acres of land were irrigated with the water supplied by the irrigation societies, the number of members benefited being 349. The only agricultural demonstration society that did some useful work cultivated 17 acres of land and made a profit of Rs. 127. No land was reclaimed by the land reclamation societies during the year.

Non-agricultural Societies.

107. At the end of the year, there were 1,446 societies in this class with a membership of 291,700 as against 1,438 societies with a membership of 281,472 at the end of the previous year. The paid-up share capital and working capital of these societies amounted to Rs. 95·93 lakhs and Rs. 371·16 lakhs respectively. They issued loans to the extent of Rs. 240·59 lakhs. The societies were in arrears to the extent of Rs. 7·95 lakhs to their creditors against a demand of Rs. 277·41 lakhs under principal; the percentage of overdue interest was 3·82. The net divisible profit earned by some of these societies was Rs. 11·76 lakhs and the loss sustained by the others amounted to Rs. 2·97 lakhs.

Credit societies. The number of credit societies fell by 2 to 1,067, but the number of members increased from 248,750 to 257,428. Three hundred and forty societies were for Government servants and municipal, local board and railway employees. The working capital of these societies rose to Rs. 327.55 lakhs. They disbursed loans amounting to Rs. 235.32 lakhs. Most of the societies kept up their obligations to the depositors and the financing banks.

Stores societies. There were 65 stores societies with a working capital of Rs. 7·95 lakhs. Goods worth 19,83,615 were sold during the year. The profits earned by some of the societies amounted to Rs. 48,433 while the loss sustained by the rest was Rs. 29,945. The Triplicance Urban Co-operative Society with its 25 branches and 5,600 members continued to lead and accounted for nearly half the sales.

Students' societies. The number of students' stores fell to 81 during the year, with 3,667 members and 9,996 associate members. Savings on account of purchase and sale of books and stationary amounted to Rs. 7,293 as against Rs. 6,723 in the previous year.

Weavers' societies. Of the 29 societies for weavers, 15 remained dormant. The others purchased materials to the value of Rs. 18,537 and finished products from members worth Rs. 44,807. The value of finished products sold to the public amounted to Rs. 49,340. Generally speaking, these societies did not make appreciable progress as they found it too difficult to compete with mill products.

Co-operative Life Insurance societies. The South India Co-operative Insurance Society, Madras, had a membership of 2,226 and a paid-up share capital of Rs. 44,664. The total life business at the end of the year amounted to Rs. 21,62,700 in respect of 2,520 policies as against 1,453 policies for an assured sum of Rs. 13,00,350 at the close of the previous year. Premia of Rs. 83,947 were collected in the year as against Rs. 47,119 in the previous year. The Postal and R. M. S. Co-operative Benefit Fund, Madras, had 3,100 members on its rolls with a paid-up share capital of Rs. 39,158 at the end of the year. The society collected Rs. 1·59 lakhs by way of premia as against Rs. 1.48 lakhs in the preceding year. The total life assurance fund at the close of the year was Rs. 4.52 lakhs as against Rs. 3.31 lakhs in the previous year.

Other non-agricultural societies. There were 177 other non-agricultural societies, of which 120 were building societies. The building societies had 3,998 members and a paid-up share capital of Rs. 7.79 lakhs. One thousand four hundred and forty-nine houses to the value of Rs. 43·31 lakhs were completed up to the end of the year. Of the remaining societies nineteen were labour contract societies.

Societies for the depressed and backward classes, fishermen and hill-tribes.

108. The number of societies formed specially for the Adi-Dravidas, Adi-Andhras, Fishermen, Kallars and other backward classes rose by 1 to 2,777. The supervision of these societies was taken over by the Department from 1st October 1934. The societies continued to be financed chiefly by the Madras Christian Central Bank. The overdues to the bank on the last day of the year amounted to Rs. 3,11,292 under principal and Rs. 26,189 under interest. During the year, 2479 of these societies were maintained by the Co-operative Department, 249 were under Kallar Special Officers and 49 were under the Fisheries Department. There were 114 societies for hill-tribes, of which 71 were in the Nilgiris and 32 in the Agency tracts of Ganjam, Vizagapatam and East Godavari. The Nilgiris societies had a membership of 3,228 with a paid-up share capital of Rs. 17,994. The Agency societies had 8,020 members on their rolls with a paid-up share capital of Rs. 54,973. There were 29 Fishermen societies at the end of the year.

Supervision and training.

109. The majority of the primary societies were under the supervision of local Co-operative Unions of which there were 301 with 593 supervisors at the end of the year. The expenditure incurred by the unions was Rs. 4. 80 lakhs while their income from the supervision fund, grants from Central Banks and District Federations amounted to Rs. 4 lakhs.

Federations.

110. The registration of 6 out of the 8 Federations was cancelled and at the end of the year there were only 2 Federations. These Federations have proved unnecessary.

Co-operative Education.

111. The Central Co-operative Institute at Madras ordered to be started for the training of candidates for departmental requirements began its first session in October 1934. Fifty-nine candidates were admitted but only 43 attended the complete course. Out of the two mofussil peripatetic classes ordered to be started for imparting instruction to men intended for employment in non-official co-operative institutions, the first peripatetic class for the Tamil districts was held at Vellore from 20th November 1934. Forty-four students sat for the examination held by the Madras Provincial Co-operative Union out of 46 students trained. Classes for training the panchayatdars of village societies and supervisors in the principles and practice of co operation were held in 55 centres and 228 members of 49 societies attended them.

The Provincial Co-operative Union.

112. The Provincial Co-operative Union continued to do useful work. On the 30th June 1935, it had 417 members on its rolls and 20 honorary individual members. The Union continued the publication of the "Madras Journal of Co-operation" in English but it discontinued the publication of the Telugu journal "Andhra Sahakara Patrika" from January 1935. A number of books were added to the library, and the reading room run by the Union continued to be popular. Rural reconstruction work was continued in six centres. The President and some members of the executive committee carried on general propaganda on non-credit work, co-operative insurance and rural reconstruction.

Litigation.

113. During the year 27,418 arbitration references were filed in agricultural and non-agricultural societies. One thousand one hundred and ninty-one civil suits were filed and 675 were pending disposal at the end of the year, the amount involved being Rs. 82,062. A sum of Rs. 10,64,854 was realized by the department by the execution of decrees. Thirty criminal prosecutions were launched at the instance of the department.

Audit.

114. The audit of all societies except one was completed before the end of the year and audit certificates issued before the close of the year.

Amendments to the Rules under the Madras Co-operative Societies Act, 1932.

In exercise of the powers conferred by sub-sections (1) and (2) of section 65 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), the Governor acting with Ministers is hereby pleased to make the following amendments to the rules published with Development Department Notification No. 264, dated the 1st August 1933, at pages 1178-1185 of Part I of the *Fort St. George Gazette*, dated the 1st August 1933, as subsequently amended, the same having been previously published as required by sub-section (3) of the said section :—

AMENDMENTS.

1. In the definitions at the commencement of the said rules, for clauses (*d*) and (*e*) defining respectively the expressions 'decree-holder' and 'defaulter,' the following clauses shall be substituted, namely :—

"(*d*) 'decree' means any decree, order, decision or award referred to in section 57-A of the Act;

(*dd*) 'decree-holder' means any society or any person (including the Government) holding a decree as defined in clause (*d*);

(*e*) 'defaulter' means any society against which or any person against whom, a decree as defined in clause (*d*) has been obtained;"

2. In the said definitions, in clause (*g*) defining the expression 'Registrar of the district,' for the word and figures 'section 28,' the word, figures and letter 'section 57-A' shall be substituted.

Annual publication of a list of members.

3. After sub-rule (5) of rule VII of the said rules, the following sub-rule shall be added, namely :—

"(6) Every society with limited liability shall prepare a list of its members as on the last day of each co-operative year, and furnish a copy of the same to the Registrar within one month from the close of such year or within such further time as the Registrar may, by general or special order, allow. The list shall also be kept open at the office of the society, during office hours, for inspection by any member of the society."

Restriction on readmission of expelled member.

4. After rule XVIII of the said rules, the following rule shall be inserted, namely :—

"XVIII-A. No member of a society who has been expelled under the provisions of its by-laws shall be eligible for readmission as a member

of that society or for admission as a member of any other society, for a period of two years from the date of such expulsion.

Provided that the Registrar may, in special circumstances, sanction the readmission or admission within the said period of any such member, as a member of the same society or of any other society, as the case may be."

5. In sub-rule (1) of rule XXII of the said rules, for the word and figures 'section 28' the word, figures and letter 'section 57-A' shall be substituted.

6. After sub-rule (5) of the said rule XXII, the following sub-rule shall be inserted, namely:—

Attachment of share or interest in movables.

"(5-A) (*i*) Where the property to be attached consists of the share or interest of the defaulter in movable property belonging to him and another as co-owners, the attachment shall be made by a notice to the defaulter, prohibiting him from transferring the share or interest or charging it in any way.

Attachment of negotiable instruments.

(*ii*) Where the property to be attached is a negotiable instrument not deposited in a court, nor in the custody of a public officer, the attachment shall be made by actual seizure and the instrument shall be brought to the office of the Registrar of the district ordering the attachment and be held subject to his further orders.

Attachment of property in custody of Court or Public Officer.

(*iii*) Where the property to be attached is in the custody of any court or public officer, the attachment shall be made by a notice to such court or officer, requesting that such property and any interest or dividend becoming payable thereon may be held subject to the further orders of the Registrar of the district issuing the notice.

Provided that, where such property is in the custody of a court or Registrar of another district, any question of title or priority arising between the decree-holder and any other person, not being the defaulter, claiming to be interested in such property by virtue of any assignment, attachment or otherwise, shall be determined by such court or Registrar.

Explanation.—In this sub-rule, 'public officer' includes a liquidator appointed under section 47 of the Act."

7. Sub-rule (6) of the said rule XXII shall be renumbered as sub-rule (6-A) and the following shall be inserted as sub-rule (6), namely:—

Attachment of decree.

"(6) (*i*) Where the property to be attached is a decree either for the payment of money or for sale in enforcement of a mortgage or charge, the attachment shall be made—

(*a*) if the decree sought to be attached was passed by a Registrar or by any person to whom a dispute was transferred by a Registrar under section 51 of the Act or by an arbitrator or arbitrators within the local limits of the jurisdiction of a Registrar, then by the order of the Registrar concerned;

(*b*) if the decree sought to be attached was passed by a court and has not been sent for execution to any other court, then by the issue to such court of a notice by the Registrar concerned, requesting such court to stay the execution of its decree unless and until—

(A) the Registrar aforesaid cancels the notice, or

(B) the holder of the decree sought to be executed, or the judgment-debtor, applies to the court receiving such notice to execute its own decree; and

(*c*) if the decree sought to be attached is pending execution in a court which did not pass the same, then by the Registrar of the district seeking to attach such decree in execution, sending the notice referred to in sub-clause (*b*) to such court, whereupon the provisions of that sub-clause shall apply in the same manner as if such court had passed the decree and the said notice had been sent to it in pursuance of the said sub-clause.

(*ii*) Where a Registrar makes an order under sub-clause (*a*) of clause (i) or when a court receives an application under sub-head (B) of sub-clause (*b*) of the said clause, such Registrar or court shall, on the application of the decree-holder who has attached the decree or his defaulter, proceed to execute the attached decree and apply the net proceeds in satisfaction of the decree sought to be executed.

(*iii*) The holder of a decree sought to be executed by the attachment of another decree of the nature specified in clause (*i*) shall be deemed to be the representative of the holder of the attached decree and to be entitled to execute such attached decree in any manner lawful for the holder thereof.

(*iv*) Where the property to be attached in the execution of a decree is a decree other than a decree of the nature referred to in clause (*i*), the attachment shall be made by the issue of a notice by the Registrar of the district to the holder of such decree, prohibiting him from transferring or changing the same in any way; and where such decree has been passed

by any court or by a different Register or by a person to whom a dispute was transferred under section 51 of the Act by a different Registrar or by an arbitrator or arbitrators in another district, also by sending to such court or to the Registrar of the district concerned, as the case may be, a notice to abstain from executing the decree sought to be attached until such notice is cancelled by the Registrar who sent the notice.

(*v*) The holder of a decree attached under this sub-rule shall give the court or the Registrar of the district executing the decree, such information and aid as may reasonably be required.

(*vi*) On the application of the holder of a decree sought to be executed by the attachment of another decree, the Registrar of the district making an order of attachment under this sub-rule shall give notice of such order to the judgment-debtor bound by the decree attached; and no payment or adjustment of the attached decree made by the judgment-debtor in contravention of such order after receipt of notice thereof, either through the said Registrar or otherwise, shall be recognized so long as the attachment remains in force."

Private alienation of property after attachment to be void.

8. After sub-rule (13) of the said rule XXII, the following sub-rule shall be inserted, namely :—

"(13-A) Where an attachment has been made under these rules, any private transfer or delivery of the property attached or of any interest therein and any payment to the defaulter of any debt, dividend or other moneys contrary to such attachment, shall be void as against all claims enforceable under the attachment.

Explanation.—For the purposes of this sub-rule, claims enforceable under an attachment include claims for the rateable distribution of assets under sub-rule (20)."

Determination of attachment.

9. In the said rule XXII, the following shall be added as sub-rules (19) and (20), namely :—

"(19) Where any property has been attached in execution of a decree, but by reason of the decree-holder's default, the Registrar of the district is unable to proceed further with the application for execution, he shall either dismiss the application or for any sufficient reason adjourn the proceedings to a future date. Upon the dismissal of such application, the attachment shall cease.

Attachment in execution of decrees of several courts and rateable distribution of assets.

(20) (*a*) Where the sale officer attaches or has attached under these rules, any property, not in the custody of any court, which is already

under attachment made in execution of a decree of any court, such court shall receive and realize such property and shall determine claims thereto and any objections to the attachment thereof :

Provided that where the property is under attachment in the execution of decrees of more courts than one, the court which shall receive or realize such property and shall determine any claim thereto and any objection to the attachment thereof shall be the court of the highest grade, or where there is no difference in grade between such courts, the court under whose decree the property was first attached.

(*b*) Where assets are held by the sale officer and before the receipt of such assets, demand notices in pursuance of applications for execution of decrees against the same defaulter have been received from more than one decree-holder and the decree-holders have not obtained satisfaction, the assets, after deducting the costs of realization, shall be rateably distributed by the sale officer among all such decree-holders in the manner provided in section 73 of the Code of Civil Procedure, 1908."

Attachment before judgment.

10. After the said rule XXII, the following rules shall be added, namely :—

Mode of making attachments.

"XXIII. (1) Attachment of property under section 50 or sub-section (4) of section 51 of the Act shall be made in the manner provided in rule XXII.

Investigation of claim to property attached before judgment.

(2) Where a claim is preferred to property attached under sub-rule (1), such claim shall be investigated in the manner and by the authority specified in rule XXII.

Removal of attachment when security furnished or suit dismissed.

(3) Where a direction is made for the attachment of any property under sub-rule (1), the Registrar of the district shall order the attachment to be withdrawn—

- (*a*) when the party concerned furnishes the security required together with security for the costs of the attachment ; or
- (*b*) when the liquidator determines under clause (*b*) of sub-section (3) of section 47 of the Act that no contribution is payable by the party concerned ; or
- (*c*) when the Registrar passes an order under sub-section (1) of section 49 of the Act that the party concerned need not repay or restore any money or property or contribute any sum to the assets of the society by way of compensation ; or

(*d*) when the dispute referred to in sub-section (1) of section 51 of the Act has been decided against the party at whose instance the attachment was made.

Attachment before judgment not to affect rights of strangers or bar decree-holder from applying for sale.

(4) Attachment made under sub-rule (1) shall not affect the rights existing prior to the attachment, of persons not parties to the proceedings in connexion with which the attachment was made, nor bar any person holding a decree against the person whose property is attached from applying for the sale of the property under attachment in execution of such decree.

Re-attachment not necessary if property is under attachment before judgment.

(5) Where property is under attachment by virtue of the provisions of this rule and a decree is subsequently passed against the person whose property is attached, it shall not be necessary upon an application for execution of such decree to apply for re-attachment of the property.

Procedure regarding amendment of bye-laws.

XXIV. The following procedure shall be adopted in regard to amendments to the by-laws of a society :—

(*i*) Every amendment shall be made only by a resolution passed by a majority of the members present at a meeting of the general body of the members of the society.

(*ii*) No such resolution shall be valid unless notice of the amendment proposed has been given in accordance with the by-laws.

(*iii*) Every application made to the Registrar for the registration of an amendment shall be signed by the Secretary and two members of the Committee, and shall contain the following particulars, namely :—

(*a*) The date of the general body meeting at which the amendment was made ;

(*b*) the number of days' notice given to convene the general body meeting ;

(*c*) the total number of members of the society on the date of such meeting ;

(*d*) the number of members who formed the quorum for such meeting ;

(*e*) the number of members present at such meeting ; and

(*f*) the number of members who voted for the amendment.

Co-operative Conferences and contributions to expenses thereof by societies.

XXV. No society shall contribute any money towards the expenses of any co-operative conference, unless such conference is held under the auspices of a society which is authorized by its by-laws to undertake the holding of such conferences. The society holding the conference shall keep separate accounts of the income and expenditure of such conference and such accounts shall be subject to audit by the Registrar or by some person authorized by him under section 37 of the Act.

Constitution and strength of committee of Financing Bank.

XXVI. (1) The proportion of individual members to society members on the committee of a financing bank and the maximum strength of the committee shall be determined by the Registrar in consultation with the committee of the bank.

(2) An individual member shall not be eligible for appointment as a member of the committee of a financing bank unless he holds such number of shares, or has invested in fixed deposits in such bank such amount, as may be fixed by the Registrar from time to time in consultation with the committee of such bank.

Disqualification for membership of committee.

XXVII. (1) No person shall be eligible for appointment as a member of the committee of any society, if he—

(*a*) is an applicant to be adjudicated a bankrupt or an insolvent or an uncertificated bankrupt or undischarged insolvent; or

(*b*) has been sentenced for any offence other than an offence of a political character or an offence not involving moral delinquency, such sentence not having been reversed or the offence pardoned ; or

(*c*) is of unsound mind, a deaf mute or a leper ; or

(*d*) is a paid employee of the society or of any other society not being a society composed exclusively of employees.

(2) A member of the committee of any society shall cease to hold his office as such, if he—

(*a*) applies to be adjudicated, or is adjudicated, a bankrupt or an insolvent ; or

(*b*) is sentenced for any such offence as is described in clause (*b*) of sub-rule (1); or

(*c*) becomes of unsound mind, a deaf mute, or a leper ; or

(*d*) becomes a paid employee of the society or of any other society not being a society composed exclusively of employees.

Provided that, where a person ceases to be a member of the committee under clause (*b*), he shall be restored to office for such portion of the period for which he was elected as may remain unexpired at the date of such restoration, if and when the sentence is annulled on appeal or revision and any person elected to fill the vacancy in the interim shall on such restoration vacate office.

Term of office of member of committee who is a delegate of another society.

XXVIII. A delegate of one society sitting on the committee of another society shall cease to be a member of such committee—

(*a*) if the society which elected him as a delegate withdraws him or elects another delegate in his stead ; or

(*b*) in case he was elected as a delegate by a society, on the supersession of the committee of such society under section 43 of the Act, provided that the person or persons appointed under the said section shall have power to nominate himself or one among them or any member of the society, to the committee of another society ; or

(*c*) if the registration of the society of which he is the delegate is cancelled.

Officer of society appearing as legal practitioner in certain cases to vacate office.

XXIX. Any officer of the society who appears as a legal practitioner—

(*i*) against such society or against any other society which is a member of the former society, or

(*ii*) (otherwise than in an honorary capacity) on behalf of such society or on behalf of any other society which is a member of the former society, shall be deemed to have vacated his office as such."

Correspondence.

AUDIT FEES IN CO-OPERATIVE SOCIETIES.

Sir,

May I request the hospitality of your columns to set forth the grievance of co-operative societies with regard to the scale of fees for their audit as laid down in the recent order of Government No. 1792 (Development) dated 27th January '36.

A succinct history of the question is necessary for the proper understanding of the problem. Originally the audit of all societies was undertaken by Government free of charge. Subsequently the Government were of opinion that this work could be handed over to non-official agencies and with a view to encourage such non-official audit prescribed a prohibitive scale of fees payable to Government, if co-operative societies still preferred to retain Departmental audit. But within a period of 12 months the Government again changed their policy and in G. O. No. 224 dated 21-2-'33 declared themselves definitely in favour of Departmental audit, but strange to say, the prohibitive scale of audit fees was left unaltered. This scale of fees has been the subject of repeated and insistent representation by co-operative societies and conferences alike, and as a result the Registrar felt the necessity of recommending to the Government a modest reduction of 25 per cent. in the existing scale of audit fees. But the Government in their recent Order No. 1792 have turned down the proposal of the Registrar and granted a reduction of only 12½ per cent with power to the Registrar to grant remission not exceeding another 2½ per cent in deserving cases. The Government in ordering a uniform reduction of 12½ per cent in the scale of audit fees do not seem to be aware that in practice there are two different scales, one applicable to central banks and another to primary societies operating with unequal incidence. So far as central banks are concerned, it may be conceded that the scale is a reasonable one, because the fees levied thereunder more or less approximate to the actual cost of audit, and if however the central banks had any grievance, the reduction of 12½ per cent is bound to give general satisfaction.

But the Government seem to ignore the fact that there is a wide gulf between the scale of fees levied for central banks and that for primary societies. While central banks are charged only 12 annas per Rs. 1,000 of the working capital for the first 5 lakhs, the primary societies are charged As. 8 per Rs. 100 for the first Rs. 50,000, As. 6 per Rs. 100 for the next Rs. 50,000, of the working capital, and so on. It is thus evident that the initial rate in the case of primary societies works out at nearly 7 times that in the case of central banks.

It is this aspect of the question that calls for redress. As a result of this oppressive scale, the audit fees charged on primary societies are out of all proportion to the actual cost. There is a general complaint in the District that the audit fees charged are unconscionably high and that the Government are out to make the audit of co-operative societies a source of profit. At any rate, I am sure that in the case of the Mangalore Catholic Co-operative Society (of which I was one of the principal organizers in 1912 and of which I am a member) the audit fees levied assume the nature of an "iniquitious impost." Suffice it to say that while the actual cost of audit does not exceed Rs. 200 per year, the fees levied mounted up to the huge total of Rs. 966-8-0 for 34-35 and of Rs. 1,030-3-0 for 33-34 (a sum even larger than what I understand the Madras Provincial Co-operative Bank has to pay for its audit.). The enormous disparity is obvious and shows that something is rotten somewhere and calls for a drastic remedy. A reduction of 12 per cent as recently ordered, is a mockery, adding insult to injury.

The unreasonableness and injustice of the scale applicable to primary societies become all the more obvious, when it is considered that the South Kanara Central Co-operative Bank with its total working capital of Rs. 10,20,124 has to pay only Rs. 593 for about 180 days' work of audit, when the M. C. C. C. Society with its total working capital of Rs. 4,37,560 has to pay Rs. 966 for about 90 days' work. On the very face of it, the scale of audit fees stands self condemned that permits of such glaring incongruity, whereby for more work less is charged and for less work more is charged.

The point therefore need not be further laboured that the scale for primary societies is oppressively high and that the reduction of $12\frac{1}{2}$ per cent does not even touch the fringe of the problem. No reduction that falls short of 50 per cent. in the scale can even satisfy the principles of justice and equity.

Not only does the scale of fees need revision but also the definition of the term "Working Capital," on which the audit fees is levied. Under this expression are included the Share Capital, Deposits, Loans from Central Banks, and Reserve Fund. One fails to see the appropriateness and justice of the Reserve Fund, which has to be compulsorily invested outside the Society, being included in the working capital, since it does not contribute to its transactions nor to the auditor's work. A fee levied (and a crushing one at that) on the Reserve Fund amounts to a penalty for building up a Reserve. For the same reason, the surplus funds of a Society which have to be invested in a Central Bank for want of a suitable outlet, or in Government Securities for purpose of fluid resources, cannot also be properly included in the term "Working Capital."

It will thus be seen that the present scale of audit fees applicable to primary societies is really oppressive and calls for immediate relief. Inadequate as was the relief afforded in the Registrar's recommendation for a reduction of 25 per cent in the existing scale, it was an irony of fate that an Indian minister should have turned down even that modest proposal and ordered a reduction of only 12½ per cent. When the Government has made Departmental audit compulsory, they are under a moral obligation to see that the fees levied do not exceed the actual cost involved. It is therefore hoped that the Government will reconsider the whole question and either substantially modify the scale and change the definition of the term "Working Capital" or allow co-operative societies to have their own audit through certified auditors.

JEROME A. SALDHANA.

THE INDIAN CO-OPERATIVE REVIEW

(Journal of the All India Co-operative Institutes' Association)

Published Quarterly

January, April, July and October

Edited by V. RAMADAS PANTULU.

A medium for periodical publication of articles on Co-operation by writers of standing and authoritative position in India and foreign countries.

Comprehensive and detailed survey of co-operative activities covering the whole of British India and Indian States.

Notes on Co-operative Legislation, Experiments and Activities in foreign lands.

Reviews of all literature on Co-operation and allied subjects.

Subscription per annum. **Inland: Rs. 6. Foreign Sh. 10.**

Price per single copy **Inland Rs. 1-8. Foreign Sh. 2-9**

For Copies, Please Apply to:

The Manager,

Indian Co-operative Review,

Farhatbagh, Mylapore, Madras.

News and Notes.

During the absence of Mr. T. Austin, I.C.S., on leave for a period of six months, Mr. M. Giriappa, Joint Registrar, has been appointed to act as Registrar and Mr. M. Rangaswami Naidu, Deputy Registrar is to act as Joint Registrar.

* * *

Two consumers' co-operative societies have been recently started in the city of Baghdad. They are the first of their kind and it is hoped following their example others will soon be started in the different quarters of the town.

* * *

The Agricultural and Industrial Bank of Iran (Persia) has promoted agricultural co-operative societies in some districts of Iran. These societies supply their members with agricultural and domestic requirements and also market their produce.

* * *

In the recent session of the Legislative Council of Punjab a resolution was passed urging the Government to take steps to form a Provincial Land Mortgage Bank for the Punjab on the lines of the recently started Bombay Bank. The Government did not oppose the resolution but pointed out that the Land Alienation Act was a stumbling block in the way of opening such a Bank in the Punjab.

* * *

Sir G. S. Bajpai stated in the Assembly that, though till now the Government had not felt the need for a special machinery at the centre for rural reconstruction work, still should circumstances in future necessitate the creation of a central organisation to deal with rural reconstruction, it would not hesitate to take such action as may be necessary. Mr. Satyamurthi's question whether the Government proposed to withdraw their last year's circular regarding the All-India Village Industries Association remained unanswered, the President calling for the next question.

* * *

There are two co-operative societies working, one for credit and the other for house building, under the supervision of the Welfare Committee of the Buckingham and Carnatic Mills, Madras, for the benefit of their workmen. The Building Society has not developed because it has not yet succeeded in obtaining a suitable site near the mills for building houses for its members, who were 44 during the year ending with February last. The credit society, however, had a membership of 2,342 with a paid up share capital of about Rs. 62,000. During the year under report, the Society granted 1780 loans amounting to about Rs. 1,77,000. During the co operative year ending the 30th June 1935, it earned a net profit of Rs. 8,453-6-0 and distributed a dividend of 9 per cent. The rate of interest on loans has now been reduced from 2 pies to 1½ pies per rupee. Recurring deposits have attained a decree of popularity and now amount to over Rs. 37,000.

Co-operation received its due share of attention during the recent budget session of the Pudukottah Legislative Council. A resolution was passed requesting the Government to organise and finance special co-operative societies for raising commercial crops like sugar-cane, cotton, tobacco, ground-nut etc. Another resolution which urged that the levy of registration fees should be kept in abeyance was defeated by the narrowest majority. A third resolution, which was discussed at considerable length, recommended the starting of a Land Mortgage Bank. Official members spoke against the resolution and among non-officials opinion was divided, the most experienced co-operators in the State not supporting it. When the resolution was put to vote those who had spoken against it remained neutral and so it was passed by a small number of members voting for it—a circumstance which deprives the resolution of whatever value it might have possessed.

* * *

'The Foundation Day' of the T. U. C. S. was celebrated on the 9th of April last at the T. U. C. S. Jubilee Hall, Triplicane and was presided over by Mr. M. Ratnaswami, of the Public Services Commission, Madras. Mr. P. N. Marthandam Pillai, President of the Society welcomed the guests and read a statement of the record of the work of the Society for the last year. Dr. Mahamahopadhyaya V. Swaminatha Iyer, one of founders of the Society, in the course of a short speech said that he was the first person to pay the share capital when the society was founded. Rao Saheb T. S. Subramania Iyer, also one of the founders, speaking next paid a tribute to the work and zeal of the late Mr. T. K. Hanumantha Rao. He observed further that consumers' societies had not made much advance in our country as no adequate propaganda was done in this direction from the beginning. He said that women in the West took great interest in the movement and our Indian women should learn a lesson from them. Prof. S. K. Yegnanarayana Iyer observed that the success of the society depended mostly on the close co-operation between the employees of the Society and the management.

* * *

The following resolution on the world situation was adopted by the Executive of the I. C. A. at Geneva, 28th March 1936:—

The Executive Committee of the International Co-operative Alliance, representing the World Movement of Co-operation, assembled at Geneva in the presence of the latest European Crisis and the renewed menace of war, expresses its deep concern at the possibility of humanity being once again plunged into the maelstrom of armed conflict with the criminal sacrifice of human life and of all the horrors and destruction which it entails.

The Co-operators of the World raise their voices in indignant protest against the failure of statesmanship and diplomacy to prevent the

constant recurrence of crises which threaten to destroy civilisation itself; and deplore their inability to bring about an understanding between the nations which would lead to the settlement of international disputes and differences by the arbitrament of reason instead of by death-dealing weapons of war.

The International Co-operative Alliance declares its confidence in the system of Collective Security and Peace which the League of Nations is designed to achieve. It calls upon all Co-operators, and upon all people of good will in every land, to use their utmost endeavours to range their respective Governments in support of the League and the reinforcement of its efforts to establish Collective Security and Universal Peace.

* * *

The Government Telegraphic Employees' Co-operative Society Madras celebrated its eleventh co-operators' day at the Victoria Public Hall, Madras on the evening of the 5th April. The function began with a social and was presided over by Mr. H. P. Bhaumik, Postmaster General. In welcoming the members and guests Mr. V. Manikka Mudaliar, Honorary Secretary of the society, gave particulars of its working during the year and pleaded for a reduction of the audit fee levied by the Government and also for permission to increase the individual maximum borrowing limit from four to six months pay. Mr. Bhaumik, while praising the good work done by the society, suggested that it should also undertake the supply of unadulterated food stuffs to its members. Dr. P. S. Lokanathan, who delivered the anniversary address, pointed out that co-operation did not consist in merely providing cheap credit but was really a new way of life based on mutual service. He suggested that the members should form themselves into a trade union, should join the T. U. C. S., organise adult education classes, an efficient medical service and a scheme of relief for the families of members who died young and without insuring themselves. Mr. M. Giriappa, Joint Registrar, who spoke next, promised sympathetic consideration for the request to raise the borrowing limit of members. Medals were then awarded to Messrs. M. Karunakara Menon and R. Satyanarayana whose essays on Urban Co-operation were adjudged the best in the competition announced last year. The pleasant function ended with the enactment of selected scenes from "Valli's Wedding".

* * *

On 31-3-1936 the above mentioned society had 1,222 numbers drawn from all parts of the Presidency, and a share capital of Rs. 42,000. The amount of loans issued during the year was Rs. 3,27,510 as against Rs. 2,67,284 in the previous year. The Thrift Fund, which is a distinctive feature of the society to which every member is obliged to contribute a small percentage of his salary and on which an interest at 5 per cent and a bonus from profits of 2 per cent is given, has grown to over Rs. 1,00,000.

The society conducts a store section and a tailoring department. The former has at present confined itself to the sale of textile goods produced by the Salem Weavers' and other co-operative societies. During the last 12 months its sales amounted to Rs. 4,000 while the monthly out-turn of the tailoring branch is reported to be Rs. 700 nearly. The public library run by the society was attended by more than 14600 persons during the last 12 months. Towards its maintenance the Telegraph Recreation Club and the Indian Telegraph Restaurant are each contributing Rs. 10 per month. The Telegraph Employees have indeed shown an admirable spirit of co-operation.

* * *

C. W. S. RECORD SALES. Sales of the C. W. S. reached a total of £98,283,975 in the year ended 11th January, 1936. This is a record for the Society, with the exception of the year 1920, when prices were highly inflated. The increase in trade as compared with the previous year is £8,106,303, or 8.9 per cent. The result is the more satisfactory since an increased contribution was made by the Society's own productive works. During the year the value of their output was £32,450,070, an increase of £3,130,264, or 10.6 per cent over 1934-35. It is anticipated that sales will reach £100 million in the current year.

AGRICULTURAL CO-OPERATION IN 1934. The report on the working of Agricultural Co-operative Societies in 1934 published by the Minister of labour states that total membership of all Agricultural Societies at the end of 1934 was 288,000, a decrease of 4,000 on 1933. Their share and loan capital and reserves were £3,858,000 against £3.669,000 in 1933. Sales of requirements such as seeds, fertilizer, etc., to members increased by £960,000 in 1934 but sales of produce deceased by £345,000. The number of Agricultural Supply Societies fell from 313 to 297. On the other hand, their combined membership increased by 300 to 85,942, sales by £1,084,143 to £8,419,030 and net surplus from £143,523 to £253,339. Societies in this category consisted of Farmers' Societies and Allotment Societies. The Produce Marketing Societies, 267 in all (6 more than in 1933) included 72 Dairy, 75 Egg and Poultry, 14 Market Gardeners', 37 Farmers' and Growers', 22 Miscellaneous, and 47 Fishermen's Societies. Their combined membership increased by 1,165 to 44,094, but sales fell by £478,548 to £3,257,305.

—(*Co-operative News Service.*)

List of Societies Registered in March 1936.

S. No.	Name of the Society.	District.
1.	Paramathi C. S.	Salem.
2.	Kattamaravapalayam C. S.	
3.	Singalandapuram West C. S.	
4.	Narasapur Co-op. Crop Loan and Sales Society, Ltd.	West Godavari.
5.	Thuvarankurichi Co-op. Credit Society ...	Trichinopoly.
6.	Kulitalai Weavers Co-op. Society, Ltd. ...	,,
7.	Gujilyanparai Co-op. Society ...	,,
8.	Anaipatti Co-op. Society	,,
9.	Kannumekkipattai Co-op. Society ...	,,
10.	Panayapuram Co-op. Society	,,
11.	Uttamaseri Co-op. Credit Society ...	,,
12.	Kilikkudu Co-op. Credit Society ...	,,
13.	The Trichinopoly Govt. Training School Students Co-operative Stores, Ltd. ...	,,
14.	Thiruvalam Co-op. Credit Society ...	North Arcot.
15.	Nadukuppam Co-op. Credit Society ...	,,
16.	The Zamorin's College Co-op. Stores, Ltd....	Malabar.
17.	The Chittoor Co op. Land Mort. Bank, Ltd.	Chittoor.
18.	Gendikanahalli Co-op. Society	Salem.
19.	Kallakurichi-Vellalappatti Co-op. Society ...	,,
20.	The Rayadrug Hand-Loom Weavers' Purchase and Sale Co-op. Society, Ltd. ...	Bellary.
21.	The Mandigiri Co-op. Credit Society ...	Kurnool.

List of Societies Liquidated in March 1936.

Name of the Society.	District.	Taluk.	Date of Cancellation.
Paramathi C. S. ...	Salem ...	Namakkal ...	8-3-1936.
Velleri C. S. ...	North Arcot...	Arni Jaghir ...	11-3-1936.
Haladahalli C. S. ...	Bellary ...	Bellary ...	,,
Bhogapuram C. S. ...	Vizagapatam	Veeravilli ...	,,
A. Mallavaram C. S. ...	East Godavari	Pithapuram Dn.	12-3-1936.
Ramagiri Udayagiri Co-operative Purchase and Sale Society, Ltd. ...	Ganjam	Udayagiri ...	13-3-1936.
Kodumudi Local Co-operative Union ...	Coimbatore	Erode ...	15-3-1936.
Atmakkur Christian C.S.	Guntur	Guntur ...	,,
Anayur C. S. ...	Malabar	Walluvanad ...	16-3-1936.
Kattamaravapalayam C.S.	Salem	Namakkal ...	,,
Koothangula C. S. ...	Tinnevelly	Nanguneri ...	20-3-1936.
Rajankrishnapuram C. S.		...	,,
Singalandapuram West C. S. ...	Salem	Namakkal ...	26-3-1936.
Elathur C. S. ...	Malabar	Calicut ...	28-3-1936.
The East Godavari Local Fund and Municipal Employees Benefit Fund, Ltd. ...	East Godavari	Cocanada ...	29-3-1936.

Mr. M. GIRIAPPA, B. A.

Ag. Registrar of Co-operative Societies, Madras.

Registrar's Circulars.

No. B-1. 2263/36.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 28th March 1936.

T. AUSTIN ESQ., I.C.S.,
Registrar.

CIRCULAR.

Sub :—Central Land Mortgage Bank—investment of funds in the debentures by Central Banks.

Read: 1. Registrar's circular R. Dis. A. 3658/33 dated 19th July 1933; and

2. G. O. No. 1272 Ms. Dev. dated 14th September 1935 communicated with the Registrar's endorsement No. B-1. 6894/34 dated 18th September 1935.

In the Registrar's circular R. Dis. A. 3658/33 dated 19th July 1933 Central Banks were advised to invest in the Central Land Mortgage Bank debentures their reserve fund not exceeding one-third of the amount to the credit of that fund. In G. O. No. 1272 Ms. Development dated 14th September 1935 they were also permitted to invest in the debentures their general funds and to reckon the debentures so held for the purpose of fluid resource up to a limit of one-third of the standard required to be maintained by them, the debentures being taken at 80 per cent of their market value. Since the issue of the circular and the G. O. Central Banks have not invested their funds in the Central Land Mortgage Bank debentures to any large extent.

2. The financial statements for the quarter ended 31st December 1935 sent by Central Banks show that they have invested in the debentures only Rs. 4,23,300 of their general funds. The statements do not show the amount of reserve fund invested in the debentures. Though the debentures have not côme to the stock market on a wide scale even as the Government paper, they are as sound as the Government paper in point of security. They are backed by fisrt mortgages of agricultural land, have the Government guarantee of both principal and interest and under the amended Indian Trusts Act are deemed to be securities of the Local Government. The Madras Provincial Co-operative Bank has been granting cash credits on the cover of the debentures.

Agreements are being made to employ paid brokers to place the debentures on the stock market on a larger scale. Insurance Companies and the general public are taking up the debentures. The Oriental

Government Security Life Assurance Company, Ltd., has invested over five lakhs of rupees in the debentures.

3. Central Banks are requested, therefore, to invest in the Central Land Mortgage Bank debentures their reserve funds and general funds up to the maximum limit permissible and assist the Central Land Mortgage Bank in the redemption of agricultural indebtedness. The Central Land Mortgage Bank has been floating 3½ per cent 20 year debentures and the debentures are non-redeemable except to the extent of annual collections in the first ten years from the date of issue. The yield on the investment of the reserve fund in the debentures cannot be said to be low. The Central Banks are requested also to furnish the Registrar with details of their present investments in the Central Land Mortgage Bank debentures both out of reserve fund and out of general funds.

(By Order)
K. A. PADMANABHAN,
Manager.

R 1-4663/36

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 29th March 1936.

T. AUSTIN ESQ., I.C.S.,
Registrar.

CIRCULAR.

Sub :—Execution—sale of immovable property—interest to be allowed up to the date of confirmation of sale.

In Execution proceedings taken either under Rule XXII of the Rules framed under the Madras Co-operative Societies Act, 1932, or under the Madras Co operative Land Mortgage Banks Act, 1934, where immovable property is sold, the sale is confirmed only after thirty days from the date of sale. The question has been raised as to whether the creditor has to be allowed interest upto the date of sale or the date of payment of the purchase money or the date of confirmation of sale.

2. Sub-Rule (*b*) of Rule II of Order XXXIV, Schedule I of the Civil Procedure Code permits the court to allow interest on the decretal amount upto the date of realisation or actual payment. It is argued that the term "date of realisation or actual payment" is only the date of confirmation of sale. This view is supported by decisions of courts.

3. The date of sale is not considered, as on that date the whole of the purchase money which has to be distributed is not available for the purpose. The date of payment of the purchase money is also not considered, as the purchase money is available for distribution only in the event of the ultimate confirmation of the sale. For, at any time

before the confirmation of the sale the debtor or any person interested in the property may apply for a reversal of the sale and if the sale proceeds are made available to the creditor, he runs the risk of being called on to refund the sum to the purchaser as soon as the sale is reversed.

4. The earliest date on which the sale proceeds are available for distribution is only the date of confirmation of the sale. Interest must, therefore, be paid to the creditor upto the date of confirmation of the sale. This is the principle underlying Section 84 of the Transfer of Property Act.

5. Sale officers under the Madras Co-operative Societies Act, 1932 and the Madras Co-operative Land Mortgage Banks Act, 1934 and the Deputy and Sub-Deputy Registrars in independent charge are, therefore, requested to allow interest upto the date of confirmation of the sale when execution proceedings are taken against immovable property.

(By Order),

K. A. PADMANABHAN,

Manager.

B. 6458/35

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 10th April 1936.

M. R. Ry. M. GIRIAPPA AVL., B.A.,
Joint Registrar.

MEMORANDUM.

Sub.—Crop Loans—issue of by Co-operative Societies.

In offering his remarks on the recommendations of the special officer appointed to investigate the extent of indebtedness of the Agriculturists in this presidency, the Director of Agriculture has reported to Government that crop loans should be far more freely given and that such loans form at present only 1 per cent of the total loans given by co-operative societies. The Government have drawn attention to this recommendation. All Deputy Registrars and Sub Deputy Registrars in independent charge are requested to advise co-operative societies to give crop loans far more freely and see that the agriculturists are benefited. Their attention is invited to the Registrar's Memorandum C. 5775/35 dated 10—8—35 regarding Government aid to loan and sale societies.

(By Order),

A. SINGARA RAJU PILLAI,

Manager.